

الشرق الأوسط

THE FINANCIAL TIMES, January 20, 1976

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# FINANCIAL TIMES

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**BEARINGS FROM POLAND**  
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## NEWS SUMMARY

**GENERAL**  
**Iceland names break day**  
AS Iceland yesterday notified Britain that it would break-off relations by midnight on Saturday unless British warships and reconnaissance aircraft were withdrawn from its 200-mile fishing zone, the Icelandic gun-boat Aggir collided with, and holed, the Grimsby trawler Lord Jellicoe above the waterline.

The ultimatum and collision came only hours before last night's Brussels dinner at which Dr. Joseph Luns, Nato secretary-general, briefed Mr. James Callaghan, British Foreign Secretary, on his talks in Reykjavik last week. Emphasising the effect a diplomatic break would have on Icelandic participation in Nato, Mr. Olufur Johannesson, Foreign Minister, said yesterday that after severance Iceland would not attend Nato meetings along with the British, Page 6

**Wilson gets 71 majority on devolution**  
The Government last night cleared the first of many hurdles over its devolution proposals for Scotland and Wales when the Commons rejected the Conservative amendment by 244-315, a majority of 71. Back Page

**Fears for IRA hunger striker**  
IRA hunger striker Frank Stagg who has refused food since December 13, is "dangerously ill" in Wakefield jail hospital, Yorkshire, the Home Office said yesterday. The 34-year-old prisoner is declining to eat medically examined. Serving ten years for his part in a Coventry explosions conspiracy, he is hoping to win a move to a Northern Ireland jail. Ulster news, Page 8

**Lutine struck for supertanker**  
Lloyds of London yesterday acknowledged the loss of the Norwegian-owned supertanker Berge Star by striking the Lutine Bell once. Two survivors are expected to arrive in Okinawa today. Page 8

**Spain 'calls-up' railwaymen**  
More than 72,000 Spanish railway workers were placed under military discipline yesterday, bringing 125,000 workers under army orders. Riot police moved 1,500 Chertsey workers away from the Madrid court at which three shop stewards, arrested last week, were brought before a judge. ITN reporter Sandy Gall was held by Madrid police for several hours after trying to film outside the Chrysler factory. Page 6. Holiday bookings, Page 8

**Return to the River Kwai**  
A group of former British prisoners-of-war yesterday revisited the bridge over the River Kwai which they helped to build as captives of the Japanese in 1943.

**Jets collide**  
Two Hawker Siddeley Harrier jump-jets of the RAF crashed after colliding over Cheshire yesterday. There were no civilian casualties, but both pilots died.

**Briefly . . .**  
Dr. Sheila Cassidy yesterday submitted 24 pages of evidence on the practice of torture in Chile to the UN in Geneva.

Adelaide, South Australia still stands. The earthquake and tidal waves predicted for yesterday failed to materialise.

**CHIEF PRICE CHANGES YESTERDAY**  
(\*Prices in pence unless otherwise indicated)

RISES	
Biddle Hides	64 + 6
British Northrop	110 + 12
CH Inv.	25 + 4
Ellis and Everard	110 + 8
Gibbons (Stanley)	80 + 6
Howard Sutterling	273 + 31
Jamaica Sugar	22 + 3
Lookers	29 + 4
Martin the Newsagent	148 + 4
dentmore	151 + 31
Lenrad	231 + 3
Saine Eng.	22 + 3
Varns and Gillow	23 + 5
Wick-Wallend	485 + 15
FALLS	
Gas, 91pc '80 'A' 1992	- 1
CB Inv.	169 - 4
own, p.t.	68 - 4

## Tension in Lebanon heightens as new Premier is sought

BY IHSAN HIJAZI BEIRUT, Jan. 19

President Franjeh of the Lebanon was engaged in intensive consultations to-day on the political crisis created by the resignation of Mr. Rashid Karami from the Premiership.

These moves came amid heightened tension caused by an explicit Israeli warning that any direct Syrian intervention in the Lebanon would mean "the effective creation of a state of war" and continued fighting on the ground, where the Palestinians are now preparing to confront the Lebanese army—if it is ordered into action.

President Franjeh is considered to have three possible options—all of them problematical. He can attempt to prevail on Mr. Karami to reconsider his stand; he can form a Cabinet of "National Reconciliation" or he can resort to the appointment of a military government.

This last option would almost certainly be rejected by the Moslem Left, which would have the support of the Syrian regime in this stand.

At the same time, President Raftel al Assad of Syria is expected to undertake yet another initiative to try to find a peace formula. Some Beirut papers predicted that a Syrian envoy would arrive here to-day or to-morrow. But a visit by President Franjeh to Damascus, which was scheduled for to-morrow, is now uncertain.

A recent statement by Mr. Abdel Halim Khaddam, Syrian Foreign Minister, that his country would annex all of Lebanon in the event of partition, is still regarded as representing Syrian policy.

In Israel, a statement late on Sunday night by Mr. Shimon Peres, Israeli Minister of Defence, was seen as no more than a re-statement of the prevailing Cabinet view on the limits of an Israeli response. He said: "If the Syrian Army enters Lebanon, that could constitute outside military intervention and the effective creation of a state of war. In that event, I am convinced that Israel has no recourse but to take defensive measures."

But, according to military sources in Tel Aviv, reported movement of Syrian-based regular troops would not be considered a new factor that would alter the strategic array along Israel's northern front.

From his headquarters in Cairo, Mr. Mahmoud Riad, Arab League Secretary-General, called for an Arab summit as the only alternative for avoiding "the disaster threatening Lebanon and the Palestinians."

Such a meeting could prevent Israel intervening in Lebanon, he said. Mr. Riad told reporters: "The conflict has entered a fiercer and more violent stage" where "new elements will enter the battle."

Mr. Karami's resignation has created acute fears that the resulting political paralysis will burden the cities.

In his statement last night announcing his resignation, Mr. Karami said he could no longer shoulder the responsibility of Government "after all doors were closed in my face."

Were he to change his mind, he would want the President to pledge himself to fulfil two main conditions. First, that the conflicting parties observe a strict and durable ceasefire, and secondly that they should agree to the "common denominator" of political and other reform which

Continued on Back Page

## Rank job may go to Bridon chairman

BY ROY HODSON

MR. HARRY SMITH, aged 58, the man behind the development of British Ropes into the multinational Bridon Company, is apparently the front runner as successor to Sir John Davis as chief executive of the Rank Organisation.

Mr. Smith, who is chairman and chief executive of Bridon, annual turnover £224m, has been a director of the Rank Organisation since 1971. It may be significant that he was appointed last November to the Board of Rank Kerax.

Bridon announced last night that Mr. Smith was relinquishing his position as chief executive

although he would continue as non-executive chairman. He will be succeeded at the beginning of next month as chief executive by his deputy, Mr. Peter Fenwick Smith.

The Rank Organisation preliminary annual statement is being published on Thursday. Sir John could take that opportunity to make a statement about his future.

An announcement is also expected shortly from the Rank Organisation over the issue of the enfranchisement of the company's non-voting "A" shares.

An early statement about top management continuity has been expected from the Rank Organisation, turnover £288m, last year. One possibility is that Mr. Smith will become executive deputy chairman for a short period eventually to take over from Sir John, who will be 70 next November.

Mr. Smith's management style contrasts with the close personal control practised by Sir John Davis. At Bridon Mr. Smith has steadily developed a decentralised form of management for the group's operations, combining freedom of action for his managers with central financial control.

The January sales got off to a well-publicised start this year with the Retail Distributors' Association, which monitors some 250 department stores up and down the country, reckoning sales values were some 45 per cent up on the previous year during the first week of the month.

The initial explosion does not appear, however, to have been maintained, although the Govern-

## Real incomes overtaken by rising prices

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE COMBINATION of the Government's incomes policy and the rising trend in unemployment has had a dramatic effect on people's real incomes, which is showing up in a continuing low level of sales in the shops.

This is the message of the latest batch of economic indicators which opened with the retail price figures on Saturday, and was reinforced by new statistics on both wages and retail sales that became available yesterday.

Between October and November, the Government's official index of average earnings (seasonally adjusted) went up by 1.7 per cent, bringing the year-on-year increase November 1974, to November 1975 to 21.3 per cent.

The index lags a month behind the retail prices figures, but the general picture is clear from comparison with the cost of living rise of around 25 per cent over the same period (25.2 per cent November 1974, to November 1975, and 24.9 per cent, December to December).

The 21.2 per cent 12-month rise in the earnings index to November contrasts with 24.9 per cent between October 1974, and October, 1975, and is the smallest recorded for over a year.

The incomes slow-down does not look so marked when measured in terms of weekly wage rates. The official index went up 1.3 per cent between November and December 1975 (with base July 1972 = 100), payments in that month, the contrast with the retail earnings position early in 1975 is still marked.

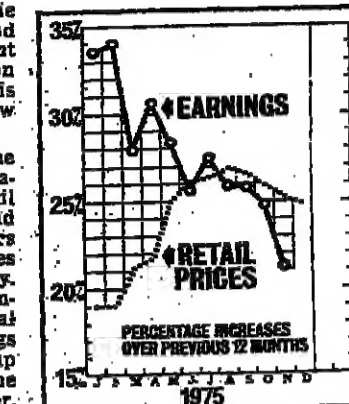
It helps to account for the fact that in spite of a slight recovery in retail trade during December, with the official volume index rising from 105.9 to 106.5 (base 1971-1970) sales in the fourth quarter of 1975 were some 5 per cent lower than the average level reached by end-1974 and early 1975.

There had been a fall of some 1 per cent in the volume of retail sales between 1973 and 1974 as a whole, but the fall between 1974 and 1975 was 2 per cent—the biggest reduction of the nation's workforce has settled within pay policy limits.

In volume terms retail sales were 15 per cent higher in the fourth quarter of 1975, but that was not a quarter of the year to keep up with the rate of inflation.

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## Varley urges steel unions to co-operate with BSC

BY LORELIES OLSLAGER, LABOUR STAFF

MR. ERIC VARLEY, Secretary of State for Industry, yesterday urged steel trade union leaders to co-operate with the British Steel Corporation in reducing labour costs and to consider its economy plans "sympathetically."

But the unions made it clear that they were not in a conciliatory mood while the Corporation did not lift the economy measures which it introduced unilaterally early this month and while it stuck to its threat to implement other parts of its plan from next Thursday whether the unions agreed or not.

The unions asked Mr. Varley to convey their feelings about the importance of maintaining the "status quo" to the Corporation, and the Secretary of State agreed to do so.

Yet at the same time he made it clear that the government had no intention of supporting the union's path with the Corporation. He reminded the unions that BSC had already agreed to drop two of its more controversial proposals for cutting labour costs by £170m, a year.

Some of the proposals are unacceptable to the unions as they stand, and moderates hope for further negotiations to find a mutually acceptable solution.

This concerns in particular the question of highly paid week-end work which BSC wants to abolish wherever possible. The unions say this can be done only by plant-level agreement. They also object to BSC reserving the right to declare compulsory redundancies.

If BSC says on Thursday that its financial situation does not allow any more changes in the plan then massive industrial confrontation could ensue.

Mr. Bill King, general secretary of the ISTC, a chief negotiator on the union side, said after the meeting with Mr. Varley last night that if BSC agreed to maintain the status quo, then agreement could be reached "in a matter of time."

The unions were preparing a paper to submit to the Corporation on Thursday. In the meantime, the executive of the ISTC is meeting to-day to map out its strategy for the talks with BSC. The executive will also have to decide whether to make official the strikes at four Welsh steel-works in protest against unilateral labour economics. Steel floor price in doubt, Page 6

## Dilemma over Leyland post

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

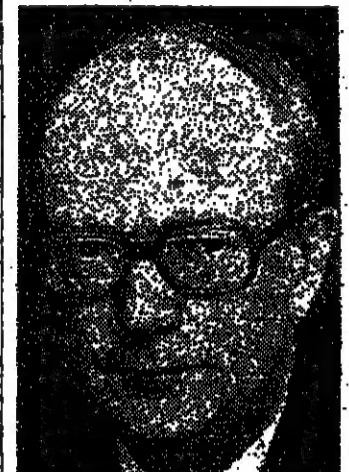
THE DEATH of Professor Sir Ronald Edwards, less than four months after his appointment as chairman of the reconstructed British Leyland, has plunged the Government into the awkward position of finding someone for a position which was filled only with difficulty.

Sir Ronald, 65, who died in a London hospital at the week-end after exploratory surgery for gallstones, refused the job once himself.

He was persuaded to take it on at the second attempt by Lord Ryder, chairman of the National Enterprise Board, and the Prime Minister because, he explained, "it is such an important assignment."

At that time doubts were raised about his health, but during a Press conference after his appointment Sir Ronald brushed these aside, and in his brief tenure at Leyland he quickly demonstrated that he was prepared to work as hard as at any time during his life.

It was also clear that he was having some success in establishing acceptable guidelines for the tricky relationship between the company, the National Enterprise Board and the Department of Industry.



Mr. Harry Smith: Giving up chief executive post.

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# The Sea Change

by MICHAEL COVENEY

Gallacher's new play is Leonard Maguire as Parlane, who sniffs vividly at what little chance he has to be mysteriously powerful.

The set is an ambitious mess, sprawling all over the little theatre in ugly and ungainly fashion. It is impossible to light properly, so half the scenes are played in semi-darkness; it is impossible for the actors to move comfortably or convincingly over it; and it serves no apparent atmospheric or functional purpose. The action is interrupted by black-outs of interminable length. Back to the drawing board.

By way of an unscheduled treat at the week-end, I caught the last matinee performance of the Edinburgh Young Lyceum's Christmas show, an adaptation by Sean McCafferty (script) and David McNeill (rock music) of *The Water Babies* by Charles Kingsley. The show, vigorously acted by a charming young company, was sheer delight, and set me wondering at the nerve of its primary school teachers in giving me so alarming a story to read at an impressionable age. I think I am ready to be impressed by it all over again.

# London Pro Musica

by NICHOLAS KENYON

as ironic that the highlight of London Pro Musica's concert seems to point towards municipal and court performances out-of-doors. Here the development in style was not so pronounced; I rather preferred the angular, almost cubist, style of the late 15th century (live) and the more solid, almost classical, style of the early 16th century (live). The early 16th century (live) was not always well-timed but not always well-timed. Paul Miesman's sackbut gave solid support to the early 16th century (live) and the more solid, almost classical, style of the early 16th century (live). The early 16th century (live) was not always well-timed but not always well-timed. Paul Miesman's sackbut gave solid support to the early 16th century (live) and the more solid, almost classical, style of the early 16th century (live).



Maddox, Gaye Brown and Oinah Stabb in 'Cakewalk' which opened last night at Hampstead.

## Sadler's Wells Theatre 1976

proposed plans for 1976 A three-week season opening on June 15 will celebrate the 50th anniversary of the Ballet Rambert.

The National Ballet of Senegal will play a two-week season starting on July 5, followed by the London Opera Centre.

In August, the Dance Theatre of Harlem will play a three-week season opening on August 9, and after them will come the English Music Theatre Company, from September 1 to 28.

There will be a two-week season by the Handel Opera Society beginning in the week of October 25, with a new production of *Silence* by opera singer and pianist, the Salzburg Marionettes, and finally the annual season by the Royal Ballet, which will visit on June 4 with three November 8 for three weeks; performances on June 2, then the London Contemporary Dance Theatre on November 29.

The company will play and finally the annual season by the Royal Ballet, which will visit on June 4 with three November 8 for three weeks; performances on June 2, then the London Contemporary Dance Theatre on November 29.

# Continuity of Spanish art

by DENYS SUTTON, Editor of Apollo

During the recent television programme on the Spanish exhibition at the Royal Academy, discussion fell on the special qualities that distinguish Spanish painting of the seventeenth century. There is no denying that it is quite unlike French or Italian, Dutch or Flemish work of the same period. Obvious differences may be observed; no Spanish painter of the Golden Age painted skies with the perception and brio of the Dutch masters or depicted the life of forests with the brilliance of Rubens.



Goya: Capriccio 42. Tu que no puedes

Italian painter, Caravaggio, is close to Spanish painting and his influence on Ribera is demonstrable and Murillo's silken touches in some respects recall those found in the late pictures of Guido Reni, not that any mutual influence is suggested.

Spanish Baroque painting, but not the sculpture of the time, lacks the essentially theatrical character that marks Italian; we never feel that the figures are about to take part in a balletic or operatic performance. Yet the painting of both schools was predominantly religious; however, the atmosphere of Rome, the seat of the Papacy and graced with the presence of a contingent of cultivated and sophisticated prelates, was very different from that of Madrid, just as the mood at Bologna was unlike that at Valencia. The accent in the Spanish capital was on gravity and in Seville or Toledo with Valdes Leal or El Greco respectively, mysticism was prevalent. Only in Lombardy did there occur a style related to that of Spanish painting.

## Festival Hall

### Mass in B minor

by MAX LOPPERT

Sunday's Bach Mass was a disadvantage of Haitink's apparently half-digested one-semester run turned by the room, in addition to the performances of this work that seek to recreate the instrumental and choral conditions of Bach's own time, for what can loosely be termed the Crystal Palace view — giant chorus, large orchestra weighed down by heavy battalions of double basses, unmodulated and of vibrant firing tone. But one would not expect Bernard Haitink to espouse it, or if he did, not in some way to lighten and even the approach by means of his usual athletic vigor and his imaginative alertness. The first half of this London Philharmonic and Orchestra reading galumphed along, often strangely hesitant in choice of tempo (how unlike Haitink, rock-steady in a Mahler movement, to speed up in the middle of a Bach duet), strangely insecure in ensemble, and heavy and ungainly.

## New Victoria

### Max Boyce

by ARTHUR SANDLES

At some stage during the past couple of years, Max Boyce crossed the line from being a highly popular South Wales club singer to become a folk hero. Certainly he'd been known for long enough before that — a curly-haired ex-miner with an extraordinary talent for grabbing his audience by the scruff of their hearts with jokes, in this case, the English. But songs and a brilliant exploitation of local rugby club loyalties, he tells a few jokes, not all of But now he is much, much more.

Boyce, in his well-grimed raincoat, decorated with a vast rugby rosette, and clutching a stick-footed, is a funny man, it is true, but in no way a figure of fun.

You don't have to speak Welsh, or even to support Welsh, to get the message. When Boyce took the stage at the New Victoria, 2,000 Welsh Rhonda Greg, Hymns and Arios, voices roared in welcome for the man who was patently leading an army which was about to take over London.

Friday night was, of course, Welsh. Thanks partly to some of the eve of the Big Match. The TV appearances, the cult has real men, men from the valleys extended far enough for him to who work for their living and drink hard, were about to rub But the real Welsh talent is in the noses of the effete English his presence. Heaven help Westminster, hallowed turf, the "Twickers." And they did, too, the Welsh Nationalists' Shadow It was bad enough, a few years front bench!

## Basildon Jazz Club

The Basildon Jazz Club meets (February 4): Alan Skidmore every Wednesday evening at 10 and Impulse (February 11); Sweeney's, High Pavement, George Melly (February 18); Basildon, Essex. Groups appear in the weeks of March 2 are Mike Garwood Sextet (January 21); Mike Garwood (January 28); the John Picard Sextet (ext. 287) during working hours.

# Ronnie Scott's Club

## Cedar Walton

by KEVIN HENRIQUES

Pianist Cedar Walton is probably the least known member of the group he is heading at Ronnie Scott's until the end of the week. On drums he has Billy Higgins, who was a vital member of Ornette Coleman's pioneering "new jazz" quartet of the early '60s. Bassist Sam Jones, the veteran of the four, had lengthy spells with Cannonball Adderley and Oscar Peterson and tenorist George Coleman was featured player with the groups of Miles Davis and Elvin Jones, among many others. Walton himself is probably best known for his years with Art Blakey's Jazz Messengers, for which he also contributed several compositions. Together this vastly experienced quartet is playing good, "old-fashioned," unelectric "hard bop" (or modern jazz) and proving the durability of this style of jazz. Sparked by the constantly inventive, polyrhythmic drumming of Higgins, the quartet spiritedly attacks mainly familiar standards of the jazz repertoire plus originals by Walton. There is a power and density of conception in their solos which is representative both of hard bop and the many musicians who continue to play it and who somehow manage to make off-played tunes sound remarkably fresh. The deceptive coolness, almost blasé attitude, of the four should be discounted because, make no mistake, they play with fire burning in their musical bellies.

Coleman, a burly man with mien to match, launches into his solos with superb assurance, the self-effacing Walton making just-right chordal comments behind him. Jones keeps a solid, old pulse all the while and his solos are sure without being remarkable.

Last Friday the quartet's two sets were highlighted by a three-minute tribute to pianist-composer Thelonious Monk — *Off Minor* (which, guided by Walton, who bowed little to Monk in his solo, almost became *On Major*). Blue Monk and the hectic *Rhythm-a-ting* in which Billy Higgins sustained a solo of quite remarkable interest and variation.

As with the visit of Chuck Mangione's Quartet in 1972, Cedar Walton's group has turned out to be one of the pleasantest surprises heard in Scott's for a long time. Especially so following the recent release by RCA of Walton's latest album (*Mobius APL1-1009*, obtainable from specialist record dealers) on which the approach is vastly different to the live Walton. For this album he armed himself with various keyboards and synthesizers, talented sidemen, including Frank Foster and Steve Gadd, pop-jazz rhythms and, for one track, a couple of forgettable singers. The result is the sort of same-sounding, characterless, modish, nothing music churned out by too many jazzmen who would be better occupied. For the real thing, hear Walton live.

Also at Ronnie Scott's, and in striking contrast to Cedar Walton, are The Surprise Sisters, a most unusual group. They are Blackburn's answer to the Pointer Sisters, the U.S. black act which

enjoyed a brief cult a few months back, but the four girls have rarely performed in this country, preferring to gain experience touring the club circuit in Australia and such like.

Well, Australia does not seem to have spoilt their gauche charm. There is an attractive certainty about their performance which rivets the attention. Their costumes are all over the place as if they dressed in the dark and somehow got into each others' clothes. Their songs, home grown, traditional (like *This could be the Start of Something Big*), and popular (Leo Sayer's *Long Tall Glasses*), and harmonies, are so complex that it is hard to know whether they are intentional or not.

Their performance wanders between attempting to communicate with the audience and just enjoying themselves on stage. There are whippers of decadence, glimpses of considerable talent, and moments of pure anarchy.

All of which makes the Surprise Sisters a voyage's dream, if they are smoothed and tightly directed they may develop an act which pleases Palladium audiences, but at the moment they are unusual and appealing. Their repertoire is rich and quality but bland well, and they possess the kind of gawky integrity which has never harmed Liza Minnelli.

ANTONY THORNCROFT

## Julian Herbage

Julian Herbage, whose name was so long associated with *Music Magazine* on BBC radio, died last week. He was 67. He joined the BBC staff in 1927 and became Assistant Director of Music in 1940. *Music Magazine* began in 1944, the year in which he married Anna Instone, also on the BBC staff. They edited and produced the programme together for many years.

Mr. Herbage was also associated with the task of reshaping the Promenade Concert programmes after the war to ensure that they were equally suitable for the Albert Hall audiences and the radio listeners. He attended each concert as producer for 16 years.

## Cast change in 'Otherwise Engaged'

Michael Gambon is to take over the lead from Alan Bates in Simon Gray's *Otherwise Engaged* at the Queen's Theatre on February 5. He was recently seen in the West End in *The Norman Conquests*.

The rest of the cast is unchanged.

## RPO leader resigns

Violinist Erich Grunberg, who has been leader of the Royal Philharmonic Orchestra since January, 1971, will relinquish the position at the end of May, the RPO has announced.

# Dubai?

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## AMERICAN NEWS

## PLO contacts part of new U.S. Middle East moves

DAVID BELL

SECRET contacts that have taken place over the past months between the U.S. administration and the Palestine Liberation Organisation have part of a major U.S. effort to establish a framework for negotiations could take

a "dialogue"—first out in Friday's Financial Times—has been given added weight by Dr. Henry Kissinger's further progress in the Middle East before the current Disengagement Agreement runs out in May. A breakthrough on the Palestinian issue would make a new deal with Syria much easier and also prove a valuable boost for President Ford.

However, it is clear that at least one of the emissaries has had talks, both inside and outside the walls of the State Department with very senior Middle East specialists within the administration, possibly including Dr. Kissinger. These talks have had two purposes. The first has been to see if some kind of formula can be worked out so that each side knows what the other will say if it makes a move. The second has been to explain more fully to the PLO the significance of the change in American attitudes towards the

WASHINGTON, Jan. 19.

Palestinian problem. A glance at any of the more serious U.S. newspapers shows just what a change there has been in this respect and this is clearly in line with Dr. Kissinger's attempts to force the Palestinian issue into the limelight. It has been clear for some time that he sees progress on the issue as the most likely way of breaking the current deadlock.

But the administration fears that the PLO has not yet caught the true significance of this change and a major purpose of the indirect contacts has been to force a policy convincing the PLO leadership that the change is more than a cosmetic one and represents a real shift in U.S. thinking. The use of men like Prof. Mevinsky, who is known to have good relations with the PLO and to be trusted by it, would not doubt go some way towards persuading the PLO of the need to rethink its attitudes. Prof. Mevinsky has for long advocated the need for the PLO to send a team to Washington, or at least to offer to send a team. His views have been well ahead of administration views and they may well still be so, but it is clear that the administration is now engaged on a major change both in its attitudes and its tactics towards the Palestinians. This could have far reaching consequences for U.S. Middle East policy in the months to come.

## Venezuelan crude output down 43%

By Joseph Mann

CARACAS, Jan. 19.

CRUDE OIL production in Venezuela's nationalised petroleum industry this month has fallen by 43.15 per cent—more than 1.2m. barrels per day—from last year's production figures for the same period.

In the first statistics released on crude output from the State-owned industry, the Venezuelan Government said that Venezuelan wells pumped an average of 1.6m. barrels per day during the first two weeks of this month.

Production has been dropping substantially over the last three months since Venezuelan petroleum sales have lagged on international markets due to the general glut of crude oil. Government figures show that average crude output for November of last year was 2.95m. barrels per day, falling off to 1.78m. barrels in December and to 1.6m. for the first half of January. Average daily crude production for all of 1975 was 2.35m. barrels, down from 3m. barrels in 1974. Venezuela, the world's third largest oil exporter, reached its production peak in 1970 when the nation's 12,200 wells were pumping over 3.7m. barrels per day.

The glut of oil industry, with gross investment estimates at some \$5bn., was nationalised on January 1 and now operates under a State holding company called Petroven.

## U.S. personal income rises

WASHINGTON, Jan. 19.

U.S. PERSONAL income in December rose \$5.2bn. to a seasonally adjusted annual rate of \$1,501.1bn., the Commerce Department said. This follows an \$8.5bn. increase in November, originally reported as a \$10.9bn. rise.

It said that personal income estimates reflect the comprehensive revision of the national income and product accounts announced last week.

The Department said that personal income for 1975 as a whole rose \$91.3bn. (or 7.9 per cent) over 1974 to \$1,246bn. Wage and salary disbursements rose 5 per cent in 1975 compared with a 6.9 per cent increase in 1974.

In December, wage and salary disbursements rose to a seasonally adjusted \$831bn. from \$821bn. in November. Retailer

## CANADA'S COMMUNICATIONS EXPERIMENT

## Home delivery by satellite

BY CHRISTOPHER LORENZ, ELECTRONICS CORRESPONDENT

CANADA'S \$60m. Communications Technology Satellite went into orbit at the week-end promising to usher in a new era of space communications around the world. It still has to be directed into its final orbit, in line with Alberta.

Using much greater power, higher frequencies, and both smaller and cheaper ground stations than the current generation of satellites, it represents a major technological step forward.

In socio-economic terms, the new techniques will improve the communications of distant and isolated communities—a particular attraction for a country as large as Canada. They will also pave the way for "direct broadcasting" via satellite of radio, television, and possibly even telephone calls, into the homes of city dwellers—a prospect which is fraught with political implications, especially in international relations.

The novelty of CTS is that elaborate ground stations can be dispensed with, thanks to its strong output, so that broadcast to scattered communities or even to individual rooftop aerials becomes an economic proposition. Up to now, civil satellites have been limited largely to broadcasting to "population centres".

A wide range of technical and social aspects are reflected in the 26 experimental Canadian programmes on CTS for two years from the spring. Teams from 20 different organisations are involved, including several universities, provincial governments and the Canadian Broadcasting System, but also a health organisation and an association which promotes communications for Indians and Eskimos. The French-speaking communities in distant parts of Canada, or of providing computer facilities to native peoples in the far north, for example, are underlining research into the social effects of "direct broadcasting" on densely populated areas—the most obvious of which will be an even greater flow of information and entertainment than is currently available.

The aim of the various participants, and of the Canadian Federal Department of Communications, which designed and built CTS—with extensive U.S.

and some European components—is to test both its technology and the social impact of the trial services. Can the cost of an individual ground (or rooftop) terminal eventually be reduced to "about the price of a television set," as the Department hopes? This partly depends on the results of the evaluation of signal reception in metropolitan areas which will be undertaken by CBS. Will the outlying communities in the Canadian north want more access to the outside world, and of what sort? In particular, will the low cost of terminals enable them to originate more of their own TV pro-

grammes. Instead of just receiving products from the different cultures in the south?

A similarly wide range of experimental programmes in the U.S.—taking in Alaska, in particular—will be coordinated by the National Aeronautics and Space Administration (NASA), which in exchange for the Cape Canaveral launch (including the rocket) and other work, will use CTS on alternate days.

The purpose of many of Canada's experimental programmes will be to assess the potential "social uses" in specific applications of such advanced satellite technology. But the project as a whole raises many fundamental questions about the international trend towards what has been called an "information society." It is valuable to assess the social benefits of linking scattered French-speaking communities in distant parts of Canada, or of providing computer facilities to native peoples in the far north, for example. But one underlying omission is any general research into the social effects of "direct broadcasting" on densely populated areas—the most obvious of which will be an even greater flow of information and entertainment than is currently available.

It might be argued that the technology can clearly be put to

task would be too great and too amorphous for the CTS programme, or that it can be left to a later stage. But as the Department itself emphasises, "although CTS is experimental, operational direct broadcasting satellites could easily be common within a decade." One of the first to go up could be IBM's controversial joint venture with Comsat in the U.S. Their plan to offer advanced private telephone and data network facilities to large corporations has attracted intense interest in the computer industry.

The unique aspect of CTS is its combination of unprecedented

With CTS, broadcasting to scattered communities or even to individual rooftop aerials becomes an economic proposition.

For a country as geographically and culturally diverse as Canada, the arrival of a new generation of communications technology has widespread political implications: any future fully-operational satellite (as opposed to the CTS experiments) is bound to become embroiled in the constant tussle between Ottawa and the Provinces over regulatory competence.

The potential loss of voice and data traffic by the telephone operating companies, as well as the "leapfrogging" of the traditional terrestrial "leg" of satellite broadcasts, could also cause problems.

But even more complexities beset direct satellite broadcasting on an international level. Up to now it has been left to the Soviet Union to oppose all attempts through the United Nations to permit direct broadcasts from one country to another, but it would be surprising if, as technological reality draws closer, other countries did not add their doubts about what the hardliners in Moscow call "cultural and political invasion."

A legal sub-committee of the UN recently drafted 14 "guiding principles," which come up for discussion in the spring. This is only one of the open questions which underlines the statement by Ottawa's Department of Communications that "it is one thing to build such an advanced satellite—quite another to determine the wisest use for it."

likely to be the most touchy—given the nationalism among some militant Puerto Ricans. The plan would stop calling Puerto Rico a "commonwealth" in favour of "Free Associated State"—a translation from the Spanish words Puerto Ricans use

## Kissinger leaves for Salt talks

DAVID BELL

WASHINGTON, Jan. 19.

HENRY KISSINGER, the Secretary of State, leaves for Moscow in what will be the last attempt of the U.S. elections to agreement with the Soviet on a new treaty limiting nuclear weapons.

U.S. Administration as the chances of such "element are fairly good, in its off-expressed concern Russian activities in

Angola. Dr. Kissinger told a news conference last week that the Soviet Union has indicated that it may make concessions on its "Backfire" bomber force, and the U.S. is believed to have offered the possibility of concessions on its Cruise missile.

The Secretary of State believes that a new SALT agreement is of the greatest importance and he is likely to try very hard to strike a deal with the Russians.

thus setting the seal on the outline Vladivostok agreement of 14 months ago. Both Dr. Kissinger and President Ford, however, will be keeping an eye on the domestic political risk at election time of appearing to concede too much to the Soviet Union.

Backfire and Cruise are the two major issues left to be resolved and if there is an agreement it will probably centre on a Russian pledge to buy fewer Backfires, even though the Soviet Union currently contends that the Backfire is not really a strategic weapon and should not be part of the talks at all.

The Cruise Missile—a jet-powered, extremely accurate pilotless flying bomb—has yet to be built in production quantities and Washington may well match a Russian concession on Backfire by offering to restrict the production and the range of the Cruise.

## K. envoy leaves Argentina

ROBERT LINDLEY

BUENOS AIRES, Jan. 19.

BRITISH Ambassador to Argentina, Mr. Derrick Rosslyn, recalled to London by Foreign Secretary James Callaghan, left here tonight on a British Caledonian flight. His departure came six days after Manuel Arauz Chalez, who has since been purged as Foreign Minister, suggested to Mr. Callaghan that he withdraw the British Ambassador because of an impasse in the dispute over the sovereignty of the Falkland Islands.

## Deutsche Bank - International since 1870.

It was in 1873 that Deutsche Bank first established a fully staffed branch in London. It served its clients well for more than 40 years. On January 15th, Deutsche Bank again opens a branch in London. This step is simply a continuation of the Bank's international tradition which dates back over a century. During the intervening years Deutsche Bank always maintained the closest relations with Britain's business and financial community, and for several years the

Bank has had a representative office in the City. The London Branch offers its clients a fully comprehensive service with special emphasis on international finance, money trading and foreign exchange, and the Eurobond market. In addition, you have direct access to our more than 1,200 branches in the Federal Republic and West Berlin as well as our vast international network spread throughout more than 44 countries.

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## EUROPEAN NEWS

## ADMIRAL GORSHKOV'S FLEET

## Red Flag over the Oceans

BY DAVID BUCHAN

RUSSIAN INVOLVEMENT in Angola has refocused attention on what the Soviet navy is up to these days. Angola itself has natural resources and natural harbours. The Soviet Union has plenty of the former; it is not then more interested in the use of the latter? The spectre of Russian ships operating from anchorages so near the Cape oil routes is one that South Africa, in particular, has dangled before the West, to try to persuade it to join in the Angolan fray. South Africa, which monitors trans-Cape traffic from Brazil to Bombay at its Silvermine tracking centre, sees sinister calculation in the start of massive support for the MPLA in the West, to try to persuade it to join in the Angolan fray. South Africa, which monitors trans-Cape traffic from Brazil to Bombay at its Silvermine tracking centre, sees sinister calculation in the start of massive support for the MPLA in the West, to try to persuade it to join in the Angolan fray.

has been largely connected with the need to protect the largest of the Russian submarine fleets at Murmansk and the Kola Peninsula. The strategy behind a recent extension west of exercises in the Baltic must be to ensure that the Danish Straits do not become the total barrier that the West would like to create. The mid-1960s move into the Mediterranean was mainly designed to complement Russian foreign policy in the Middle East. At

The Russian bear has learnt to swim. But Western navies, taken together, are more numerous and just as widely spread.

the time of the 1973 Yom Kippur war, for instance, the numbers of Russian ships in the Mediterranean rose to 100. The entry into the Indian Ocean in 1968 coincided with Britain's decision to depart.

Two years later, the Russian navy had spread itself wider still. In 1969-70 an attempt to send naval units to Cuba looked like leading up to the establishment of a submarine base, had not Washington complained about this breach of the 1962 agreement to keep Russian missiles out of the island. The Russians pulled out their submarine depot boat. But regular visits to Cuba continue.

In Guinea, the Soviet Union has taken advantage of President Sekou Touré's left-wing leanings to make full use of Conakry airport. Nato ministers in December recently expressed their concern about the use last year of Nigeria in long range Russian air operations. Clearly, the Russian bear has learnt to swim. But western navies, taken together, are more numerous and just as widely spread. Nor are all the warnings of the Cassandras in the West likely to come true. It is not very likely that the Soviet navy would use its bases in Somalia and whatever it might acquire in Angola to cut permanently the Cape oil routes, when so serious a step would only be taken in the context of a general war that would most probably be nuclear and whose outcome would be unaffected by oil supplies in distant waters. Of course, the oil routes could be disrupted in peacetime by the cruise or missile testing zone, or by the exercise of a nuclear warhead. There is an important political spin-off from the increased visibility of the Russian navy. "Showing the flag" calls in the Third World ports win the Soviets undoubted prestige. But permanent bases are another

matter. Some experts, like Captain John Moore, the editor of Jane's Fighting Ships, in a new study of the Soviet Navy (The Soviet Navy Today, Macdonald and Jane's, £8.95) suggest that the Soviet Union is acquiring a string of naval bases just as the British Navy collected coaling stations. That may be looking more to the future.

Certain Russian bases seem fairly well attested. Berbera in Somalia is one. The Ford Administration last summer pro-

duced photographs of a base and what was said to be a cruise missile stockpile. Moscow called the photographs "a mirage." Somalia invited journalists and U.S. Congressmen to see for themselves, but then, farcically, denied them a full examination. The Ford Administration of course has an interest in stressing the Russian build-up in the Indian Ocean in view of its current emphasis on air reconnaissance, to fund the planned U.S. base on Diego Garcia.

But on the whole the Russians have probably done well to avoid the full flag-flying paraphernalia of a Singapore or Subic Bay base. They have often gained goodwill by loaning out their considerable fishing experience to Third World States. In Mauritius, for instance, the Russians in return for fishing help have been allowed to send in an occasional Aeroflot flight to relieve fishing crews; in the Indian Ocean, as everywhere else, trawlers form a valuable part of the Russian intelligence network. The Russians have also been careful to steer clear of fishing disputes and "cod wars," although they have had a brush with the Canadians and recently pushed their luck too far by asking Iceland for some fishing shore facilities and were fairly turned down. The Russians have been careful to steer clear of fishing disputes and "cod wars," although they have had a brush with the Canadians and recently pushed their luck too far by asking Iceland for some fishing shore facilities and were fairly turned down. The Russians have been careful to steer clear of fishing disputes and "cod wars," although they have had a brush with the Canadians and recently pushed their luck too far by asking Iceland for some fishing shore facilities and were fairly turned down.

It is nonetheless a navy of which Peter the Great could be proud. There have been some rumours that Admiral Gorshkov, made Admiral of the Fleet by Khrushchev in January, 1956, may soon retire. But there are no indications that any successor would shirk using the wide capability that he has given

and Admiral Gorshkov has tried to make good his navy's deficiencies in other categories. The most notable contrast between the U.S. and Soviet navies is the former's 15 aircraft carriers and the Russian lack of anything comparable.

But this is being partially made good, with the building of the Moskva and Leningrad helicopter carriers, and the appearance last year of the first Russian carrier proper, the Kiev of 35,000 tons, and the building of a second, the Minsk. According to the U.S. Defence Intelligence Agency, the Kiev will enter service this year and the Minsk probably in 1978.

Though with an angled flight deck, the Kiev so far has not been seen with the steam catapults and arresting gear required for fixed wing aircraft. But both it and the Minsk will be suitable for vertical or short take off aircraft, and there is an aircraft to hand in the Yak-36 which has already done sea trials on one of the helicopter carriers.

The Soviet Navy has turned the large obsolescent bomber force to good use for naval reconnaissance. The Badger, with a range of 4,000 miles, and that range, with more than twice that range, are the aircraft most frequently seen hovering over Nato exercises and western shipping lanes. Western navies by contrast have gone to the expense of constructing custom-built reconnaissance aircraft, with no very noticeable gain in efficiency.

Admiral Gorshkov has used the powerful influence that has accompanied his 20 years in the top Soviet naval job to press for a more balanced navy—a greater emphasis on air reconnaissance, sea-borne aircraft, and amphibious landings; the Soviet navy has 17,000 well trained marines. But his navy still has its deficiencies. One stems from the specialist mission of many Soviet ships, which according to a recent U.S. Naval Ship Engineering Centre study, are designed with firepower and high speed in mind for "sea denial," meaning the cutting of western shipping routes, to the sacrifice of comfort and endurance. Despite the fact that Soviet ship companies are generally smaller than in western navies, Russian ratings live a more cramped existence aboard. A sizeable part of the burgeoning merchant fleet (over the last 18 years it has gone from 2612 in the world to sixth place) has been built in other Comecon countries and in the West to serve naval building priority in Russian yards. This priority has been necessary to allow submarine building to continue. The Soviet Union now has 189 ballistic missile Brings submarines and 76 smaller ones.

## Madrid brings 125,000 workers under army orders

BY ROGER MATTHEWS

MADRID, Jan. 19

MORE THAN 72,000 Spanish railway workers were brought under military discipline today in order to halt the sporadic stoppages which had threatened to affect regular services. This brings to 125,000 the number of workers under army orders, the regime having taken similar action against more than 32,000 Post Office employees last week.

Most of the 4,000 people who run Madrid's underground railway system were also threatened this morning with the same treatment if they resume the strike that they ended ten days ago to permit wage talks to take place. They have been issued with military badges of the same type now worn by main line railway and postal staff. The Metro workers said they would resume their strike if pay demands were not met. Negotiations broke down on Saturday.

The eight-man postal workers

strike committee arrested last week, has now been passed over to a military judge who must decide whether there is enough evidence to bring them to trial. At the Public Order Court in Madrid riot police to-day dispersed around 1,500 men from the Chrysler's who had gathered outside the building as three shop stewards, arrested last week, were brought before the judge.

Over 1,500 bank workers have, meanwhile, locked themselves into a church to discuss their week-long industrial action and an even larger number of Standard Electric workers are meeting in another church. Despite the militarisation of railway workers, trains are operating without sleepers or house on Saturday night. Among restaurant wars as 2,300 workers there were 22 labour lawyers who said the police had accused them of organising the outbreak of work. The Government is hesitating to use such drastic measures over the past fortnight.

## Wilson, Schmidt oppose closer links with Communist parties

BY HILARY BARNES

ELLSINORE, Jan. 19

BRITISH PRIME Minister Harold Wilson and West German Chancellor Helmut Schmidt delivered stern warnings to the conference of Social Democratic leaders here to-day against the possible extension of the Socialist co-operation with Communist parties in Southern Europe.

If coalitions including the Communists in EEC and Nato countries were to be formed, the conference, but the Socialists if it wanted to survive and it had to put its commitments to the French working class above considerations of global strategy.

It is expected that these issues will be touched on when U.S. Secretary of State Henry Kissinger pays a four-hour visit to Copenhagen to-morrow on the way to Moscow. He will have talks with Mr. Anker Joergensen,

the Alliance of the U.S. and other countries, such as West Germany, which maintained their defence commitments.

Mr. Wilson said that he had delivered a similar warning to NATO leaders in Brussels last week. He said that the West German and British leaders met with little response from French Socialist Party leader François Mitterrand, who pointed out that his party was committed to co-operation with the Communists if it wanted to survive and it had to put its commitments to the French working class above considerations of global strategy.

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## Steel floor price in doubt

BY DAVID CURRY

BRUSSELS, Jan. 18

THE COMMISSION'S plans to introduce minimum prices in the steel industry passed their first hurdle to-day when the consultative committee of the European Coal and Steel Community voted in favour of the principle of establishing a floor price. However, the vote was so indecisive in the face of a direct confrontation between the French and West German delegations that the Commission will be unable to generate enough steam to push minimum prices into effect.

The committee, which is made up of producers, unions and merchants, voted 31-22 in favour of minimum prices with nine abstentions. Lord Layton, representing the British Steel Corporation, abstained while Mr. Alex Mortimer, representing the independent producers in the U.K., voted with the majority. The entire French delegation voted for minimum prices and the German delegates opposed it en masse.

The proposal has now to go to the Council of Ministers before the Council of Ministers for agreement in principle, where the differences will re-emerge at the political level. Only with Council approval will the Commission be able to propose actual price levels, and this arithmetic will have to go through the same examination by consultative committees and the Council.

The argument for minimum prices is essentially that the industry is losing money heavily and is in danger of running out of the means to sustain the investment programmes necessary to long-term competitiveness. Investments worth some \$2bn. have been projected in the EEC this year alone.

On Wednesday, the International Iron and Steel Institute will publish figures on steel output in 1977 which are expected to show a decline of some 20 per cent in production over the previous years, while the Commission has warned in grim detail about the threat to investment caused by the growing indebtedness of the European steel industry.

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Germany, is that they will inevitably open the door to undercutting by imports. They point out that there is still no agreement with Spain on steel imports that regulation of Eastern European prices is imperfect; that even the much-heralded restraint agreement by Japanese producers does not embrace the smaller steel-makers; and that the ECSC does not have the power to control the activities of independent merchants.

Some of the argument will inevitably centre on how sure the signs are of an upturn in orders. The industry feels it is still too early to say whether this tendency, which is due in part to re-stocking—will persist beyond the recovery of stocks.

The Commission has been reluctant to intervene in the steel market and may not be unhappy at a consultative committee vote which shows clearly that there lacks the consensus to take dramatic action at a time when it thinks that the worst of the crisis is past. In any event, it is difficult to see how minimum prices could now be introduced before the early spring.

According to figures issued by the Metal Industries Federation this week, real wages in the industry rose by 12.4 per cent during the first nine months of 1975. The employers' side has been stressing the high unemployment rate in the industry and the need to protect jobs.

## Soviet spies named

Two Soviet embassy counsellors in Paris yesterday became the first Russians to be publicly named as intelligence agents since the worldwide scare began last year. UPI reports. The magazine Le Nouvel Observateur named Ivan Petrovitch Kisilak as the resident member in France of the KGB, and Nikolai Evdokimov as a leading member of the GRU, the intelligence gathering arm of the Soviet army.

## Turkish troubles

Turkish police seized pistols and ammunition in raids on political activists and fought hand-to-hand battles with Left and Right wingers. Reuters reports from Ankara. Turkish news agencies said three policemen and five students were injured when police tried to stop a demonstra-

## Sweden to boost unions

BY WILLIAM DULFORCE

STOCKHOLM, Jan. 19

FROM NEXT YEAR, Swedish managers can expect to negotiate with union representatives before taking any decision that could be interpreted as affecting workers' interests. A "co-determination" Bill presented to the Press to-day by Labour Minister Ingemar Bengtsson would empower workers to negotiate agreements with their employers covering almost all aspects of company management.

The new law, which would replace three existing labour rights laws, will be submitted to Parliament this spring and is scheduled to come into force from the beginning of next year. It abolishes the employ-

ment of all Swedish collective agreements over the past 70 years. It will also give the unions the right to veto contracts which they consider conflict with their collective agreements. In drafting the Bill, Mr. Bengtsson has largely followed the minority report submitted by the trade union members of a Government commission.

Agreements on co-determination will be negotiated at the same time as the traditional collective wage agreements. Unions will be entitled to take industrial action against any employer refusing to accept co-

## Iceland gives ultimatum to Britain

BY D. BUCHAN

ONLY hours before a crucial meeting on the British-Icelandic ultimatum to Britain would break relations night on Saturday night, the British government was without a response from the Icelandic side.

The move was not coming after a statement by the Icelandic Prime Minister, Mr. Sigríður Hauksdóttir, that a recommendation (Parliament) break in relations would be "considered a week. But it was most unwelcome in the Icelandic side."

The ability of Dr. Ingólfur Thorgeirsson, before Saturday is the last chance to lengthy prolongment war. For after that the NATO link between the two countries is thus possibly ending.

Before the Icelandic withdrawal, however, the hope of a settlement was still alive. The Icelandic side has been in the 19 the Icelandic coastguard formally continue to role, but in fact cease to operate. The Icelandic Navy pulled out.

A few hours before Mr. Callaghan was a British trawler Icelandic gunboat Aej holding the trawler L came ashore, the trawler was missed and hit its wu-

## Finns seeking remedy for £1bn. deficit

By Lance Keyworth

HELSINKI

"YOU NOW HAVE to compass. Set the rig freely translated, the Prime Minister Martti told the employers and the government to start negotiations which the fate of the Finnish economy for the year possibly longer.

The "map" drawn Government, the election of the Ministry of Finance, the Ministry of Customs and the Council, is a dismal of last year's performance of things to come. Its publication now is to impress on the public the gravity of the situation.

The foreign trade in 1975 was FMk 7,700, 8 per cent of the GNP one-third of the total exports in that year, foreign debt rose to 1 one-third of the GNP, employment rate is at reach about 4 per cent first quarter of this year is high by Finnish standards. In other words, Finland is in the storm centre of economic cyclone which Western Europe is more apt to ignore. Economists predict that the will not improve until the end of the year, then slowly.

The Government has reduced a supplementary totalling FMk 2.7bn. mainly for the state employment, which was party, Centre-Left assignment from Kekkonen last November.

## DR. CASSIDY TELLS UN AI TORTURE

GENEVA

TWENTY-FOUR patients on the torture by the present in Chile were submitted to the UN by Dr. Sheila the British doctor who the end of December after two months of detention.

The statement, delivered at a working group in Geneva, contained an account of her personal experience in the Casa Tortura centre. The Alamos detention centre was a prison. Included in the list of prisoners who talked to Dr. Cassidy. Besides details of torture ranging from shock to various forms of assault, Dr. Cassidy charged that the Chilean prison was inadequate to health or even life, a she had been forced to and sign various statements. The group will report to Human Rights Commission.

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## HOME NEWS

## Explosions on supertanker remain a mystery

BY ARTHUR SMITH IN LONDON and FAY GJESTER IN OSLO

THE cause of the three explosions reported to have sent the Norwegian supertanker *Berge Isstra* to the bottom of the Pacific remains a mystery.

Details of one of the world's biggest maritime losses will not emerge until the two survivors, picked up by a Japanese fishing vessel, have been brought ashore. The Japanese Maritime Safety Agency reported last night that the two men, who are Spanish, will arrive at the Palau Islands today, when they will be flown to the U.S. search centre at Okinawa.

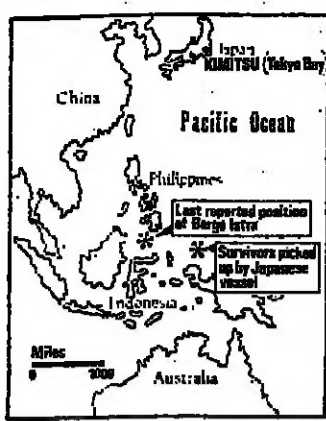
Extensive sea and air searches for further survivors proved futile yesterday. Lloyd's of London officially acknowledged the loss of the ship, which disappeared on December 22, by striking the Lusine Bell once.

The hull and machinery of the 224,000-ton Norwegian vessel were insured for \$18m, but underwriters in London disclosed yesterday that additional insurance to cover other costs deriving from the total loss of a ship—freight loss for example—could push the liability to \$27m. More than 70 per cent of total is believed to have been insured in London.

The bulk of the insurance for the iron ore cargo—believed to total \$8m—was placed in Tokyo. Speculation about the cause of the explosions is mounting, but the explanation favoured is some sort of ignition of the oil-carrying tanks. Though the *Berge Isstra* was laden with ore for her journey from South America to Japan, she had previously taken a consignment of oil to Rotterdam where her wing tanks were cleaned and filled with inert gas.

However, a series of explosions in the engine room cannot be ruled out.

Mr. Kjell Røvik, technical director of Sigval Bergesen,



Map showing the location of the *Berge Isstra* supertanker in the Pacific Ocean, near Japan and the Philippines.

they might have been at the other end of the vessel from where the explosions occurred.

The *Berge Isstra* was equipped with two motor-driven lifeboats, one on each side of the ship, each able to take 51 persons. In addition, there was a 20-foot "working boat" on the starboard side (also built as a lifeboat) and three life rafts, two located astern, with capacity for 20 each and one located forward for six persons.

Mr. Røvik said the rafts were fastened to the ship's deck. The fastenings were designed so that the rafts would be automatically released if the ship sank.

"They must have been in danger of being pulled down by the suction, which must have been pretty powerful when a ship of that size sank suddenly," Mr. Røvik commented.

Suction could, in fact, have pulled the other two rafts down with the ship. The survivors' raft may have been favourably located—possibly at the end of the ship which sank last—so that suction was not so powerful and it floated to the surface.

If the ship sank suddenly, following an explosion—as evidence so far indicates—there would not have been time to release any of the lifeboats either.

The official inquiry into *Berge Isstra*'s loss will probably be held by the Liberian authorities, since the ship was registered in Liberia, according to Norway's director of shipping, Mr. M. Hareide.

He did not believe the Norwegian shipping authorities would make any formal approach to Liberia for information about the accident.

The seamen who escaped were reportedly painting on deck —

the owners, commented: "In this case, we must assume that what we believed to be impossible did in fact happen—that there were explosions in some of the wing tanks at the side of the ship—or possibly in the engine-room."

The wing tanks had been filled with inert gas as soon as they were emptied of oil, Mr. Røvik continued. "This was done in Rotterdam on November 8. We have regarded this as a foolproof system and on *Berge Isstra* we had a plant which produced this inert gas and very advanced monitoring equipment."

It seems incredible that a technical fault could have developed unobserved.

The only thing I can think of is that the inert gas must have seeped out of the tanks and not been refilled, so that oxygen was present after all."

He added that an explosion in one tank would spread to its neighbours "in a matter of seconds." Without knowing the extent of the damage, however, it was impossible to say how long the ship would have remained afloat after the explosions.

The seamen who escaped were reportedly painting on deck —

Men and Matters, Page 16

## European Parliament pledge by Wilson

By John Bourne, Lobby Editor

AN ASSURANCE that the Government has no intention of "dragging its feet" over the introduction of direct elections to the European Parliament in Strasbourg has been given by the Prime Minister to the Executive Committee of the British Council of the European Movement.

Replying to a letter which suggested that the elections should be held in May or June, 1978, Mr. Wilson has written to Dr. Dickson Mabon, MP, chairman of the executive, saying that the Government will do its best to ensure that the necessary legislation would be ready in time.

However, consultations would first be required and the Prime Minister said these would be got under way as quickly as possible.

He added: "We hope that it will be possible to publish some proposals shortly. I would hope that it would be possible for Parliament to debate the issue some time in February."

"Consensus"

"There is a general consensus in the Community that as many issues as possible, including the fundamental one of the electoral system to be used for the first direct elections, should be left to national authorities for decision."

"On these questions, it will be for Parliament to decide at what pace the necessary legislation shall proceed. For our part, we do not intend to hold the matter up unnecessarily but to rush Parliament would be self-defeating."

At a meeting of the executive last night, said Dr. Mabon, it was unanimously agreed warmly to welcome Mr. Wilson's letter as an advance on the Government's position and a significant step towards European unity.

"We hope the Government can introduce a Bill in the next session to validate elections in 1978," he added. "We expect the coming Commons debate to be on a White Paper."

Dr. Mabon foresees the following timetable: further consultations, a decision by the European Council on the number of Parliamentary seats for each country, a reference to the U.K.'s Boundary Commission to draw up constituencies, then a Bill introduced by January, 1977.

## Further London docks cuts planned to save £2m. a year

BY ROY ROGERS AND JOHN WYLES

LONDON'S upper-dock facilities are to be cut further under plans announced yesterday by the Port of London Authority to transfer virtually all of the India and Millwall Docks cargo handling down river to the Royal Group.

These moves will save £2m. in a full year towards easing the PLA's serious cash-flow problems. None of the 3,500 workers at the India and Millwall Docks will lose their jobs under the scheme which will be completed by the end of this year.

Only bulk wine facilities and certain tenants' operations will remain at India and Millwall. These docks have suffered a steady decline in recent years, since through trade moving away from London or as a result of containerisation, which moved the cargo down to the PLA's modern terminals at Tilbury.

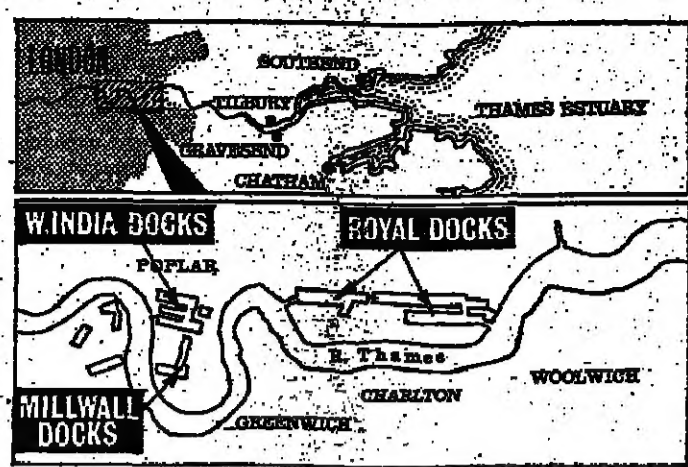
Before carrying through its plan, the PLA will test customer reaction. The Royal Group can comfortably cope with the 550,000 tons a year of general cargo handled at India and Millwall and even take additional tonnage.

The decision will effectively concentrate the PLA's main cargo handling activities on the Royal Group and Tilbury and will continue a process of moving downriver which began in 1968 with the closure of the London Docks, followed in 1970 by the closure of the Surrey Commercial Docks.

Neither the dock unions nor the other London port employers are happy about PLA's claim that no jobs will be lost as a result of the move. There could also be considerable competition between dockers in the Royal Group, many of whom are being sent home each day for lack of work, and those who will be moved from the West India and Millwall Docks.

The PLA is also considering a request for an increase in the dockers' 12m. borrowing limit, which was set in 1968, and is now proving insufficient to finance the dockers' voluntary severance scheme and losses for 1978, which could total £5m.

The PLA is also waiting for a Government decision on a £18m. project to develop more container berths at Tilbury.



Map showing the location of the London docks, including India Docks, Millwall Docks, and Royal Docks.

Work on the 10-acre from Milton Keynes, ment Corporation and the development of 86, feet will begin this year.

Building and service around £1.6m. and the £2m. will go on machinery. The R. G. Carter (King's) complete the v in 1977.

Mr. Alan Jackson, of Export Corporation, is day. "In conjunction independent contract this new plant will co the bottling operations, the development of 86, feet will begin this year.

He said Milton K. been chosen because of proximity to the area will be supplying, bees and the ready availab housing and ameniti town for our staff."

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## NVT machines may be released

BY OUR MIDLANDS CORRESPONDENT

IT IS NOW hoped that the picketed Villiers motorcycle plants at Wolverhampton can be partially reopened next week to allow the release of spares and completed machines, as a result of talks between the liquidator and the workers' action committee.

The Norton Commando motorcycle plant, which admits that making industrial engines, has been picketed since it was put into receivership six months ago.

Full liquidation followed in October. Previous attempts to re-activate the works have failed, but a change of attitude is occurring with the expiration of related earnings benefits and threats by West Midlands and other police forces to buy Geyman machines to replace their Norton Interpolos, built to special requirements.

It is also significant that a renewed campaign has been launched among fellow unionists

for financial support for the 700 or so former employees still on the picket lines—about half the previous labour force.

Nearly half the 100 or so machines already created or nearly completed are understood to be Interpolos and there are sufficient components for perhaps another 300 machines. It is also hoped to acquire sufficient spares for machines operating in the U.S. and other markets.

On the industrial engine side it is believed there are perhaps 1,300 that could quickly be made available, together with spares. When production ceased Villiers had £500,000 worth of orders on hand, but some of these will have been re-channelled.

The Wolverhampton machines will be sold through Norton Villiers-Triumph's sales outlets, with Commandos having an ex-works price of £625.

## BP to charter exploration rig

BY RAY DAFFY, ENERGY CORRESPONDENT

BRITISH PETROLEUM is to charter a new semi-submersible rig for exploration or development work in the North Sea.

The group has agreed to charter the rig from Reardon Smith Exploration, U.K. offshore drilling contractors, who will manage the vessel for its owners, Celtic Drilling.

The rig has been taken on a three-year bareboat charter with the option of a further two years' operations. BP will provide the crew.

Built in Rauma Repola's yard in Finland, the Akos H-3 self-propelled rig is capable of drilling in water depths up to 1,200 feet. It will be put into operation later this year, probably in the northern sector of the North Sea.

## BOC to sell Muirhead frozen food subsidiary

BY ELMOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

BOC INTERNATIONAL is selling its frozen food subsidiary, J. Muirhead, in line with its policy of pulling out of markets which do not fit in with the company's traditional product base of oxygen and associated equipment.

The frozen food operation, which sells products under the name of Muirhead, is being bought by Cold Storage (Haywood) of Lancashire.

BOC bought J. Muirhead when it was diversifying in the late '60s. With sales of around £2m a year, Muirhead was one of a number of second rank frozen food groups fighting with Ross and Birds Eye in the highly competitive catering market.

Until last year BOC's products were sold through BOC's chain of Winchester Frozen Food home freezers, but then these were sold as part of the same policy which has now led to the sale of Muirhead.

In its last report and accounts, BOC said it had identified some areas "mostly outside the traditional product base of gas and equipment which currently neither generate a contribution to the group's cash resources nor offer the immediate prospect of rapid growth."

The sale of Muirhead still leaves BOC with some interests in the frozen food business. It owns King Harry Foods, which sells pizzas, BOC Linde Refrigeration, which makes refrigerated display equipment, and Ace Refrigeration, which sells deep freezers.

The market is highly fragmented and, until recently, has been regarded as the poor relation of the retail business. Margins on products sold to caterers are generally lower than those sold through the shops, and it has proved much more difficult for a company to build brand loyalty among caterers than among the general public.

Birds Eye has been operating in the catering market for about 30 years. With sales of over £2m a year, it is, with the Imperial Group subsidiary, Ross, one of the biggest two companies in the market. Its share in catering, however, is far smaller than in the retail end of the frozen food trade, which it dominates.

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## LEGAL NOTICES

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Chancery Division  
NOTICE IS HEREBY GIVEN that the following is a copy of the Petition for the Winding up of the above-named Company, as presented to the High Court of Justice on the 13th day of January 1979, and that the said Petition is to be heard by the Court at 11 o'clock in the forenoon of the 15th day of February 1979, at the Royal Courts of Justice, 1st Floor, Room 10, Strand, London W.C.2.

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## Coca-Cola to fill its own cans in Britain

By Kenneth Gooding, Industrial Correspondent

COCA-COLA Export Co. is to set up its own operation in the U.K.

It is to build a £4m. plant at the Northfleet meat area in Milton Keynes. The new plant will employ 80 people and has a capacity of 200 year.

Up to now, the Exportation has had Coke soft drinks in its portfolio, including Fanta, Diet, Lilt and Tab—caused tractors.

Marketing of cans is to be through and Watney (part of Metropolitan group), whose bottlers of Coca-Cola U.K.

As this title suggests two companies are for the production of Coke in bottles in Britain. They have also invested in production plants in other parts of the world.

Watney opened a £3m. plant in North London last year. It can handle 100 million cans a year.

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## Consolidated Fund outlay criticised

BY ANTHONY HARRIS

THE DECEMBER figures for Consolidated Fund expenditure, which were generally regarded as fairly satisfactory when they were published, were in fact "shocking" when allowance is made for special factors, according to Greenwells, the stockbrokers.

In their Monetary Bulletin, published today, the brokers point out that the figures for December 1974 were heavily inflated by special payments—notably the rate support grant and subsidies to compensate State industries for price restraint.

This financial year, on the other hand, the rate support grant was paid in August.



IT WILL REASSURE YOU WHEN YOU  
NEED IT.

IT WILL HELP RESTORE YOUR  
CONFIDENCE SHOULD IT EVER DESERT  
YOU.

IT WILL SOOTHE AND SOLACE YOU  
AFTER A HECTIC DAY.

IT WILL INSULATE YOU FROM THE  
NOISE AND CHAOS OF THE OUTSIDE  
WORLD.

IT WILL REBUILD YOUR MORALE;  
YOUR AMBITIONS.

BUT MOST OF ALL, IT WILL REMIND  
YOU THAT YOUR LIFE HAS NOT BEEN  
TOTALLY WITHOUT SUCCESS.





## Concorde pay deal is close

## Lutine Bell tolls for Berge Istra



## Drive to improve Birmingham airport facilities

## Another prediction that house prices will continue to rise

## £900,000 housing estate announced by Ladbroke

## World Value of the Pound

(13) General rate: oil and iron exports 8.334%.

OVERSEAS BRANCH  
TO HEAD OFFICE, U.K.  
+ + + REGULAR SOURCE  
OF BUSINESS INFORMATION  
REQUIRED URGENTLY + + +

# Are they receiving us?

**In these competitive times  
every business needs  
the Financial Times - everywhere**

## More chiefs and fewer Indians

## consignment

**THE FIRST** nuclear fuel for the £200m. power station at Hartlepool, Teesside, will arrive next month. It will be stored until needed for reactors next year.

The fuel, uranium oxide, will be the first consignment of a

## Nuclear fuel consignment

**THE FIRST** nuclear fuel for the £200m. power station at Hartlepool, Teesside, will arrive next month. It will be stored until needed for reactors next year.

The fuel, uranium oxide, will be the first consignment of a total of 200 tons from British Nuclear Fuels.

- (c) The Mongolian tugrik has lately been reported as an official commercial rate of 0.223 Russian to North Vietnam goods at 0.308 rubles, and Market rate at 0.753 rubles. With the peg at 1.35 rubles, the following relationships calculated for the pound: £1=6.89 tugriks, £1=£1=3.97 wans.
- ♥ Information not available for this edition.
  - \* Rate is the Transfer market (controlled).
  - \* Rate now based on 2 Barbados £ to the dollar
  - \* Special Financial Rate US\$3.
  - \* American dollar equivalent of circulation
  - \* New and official rate

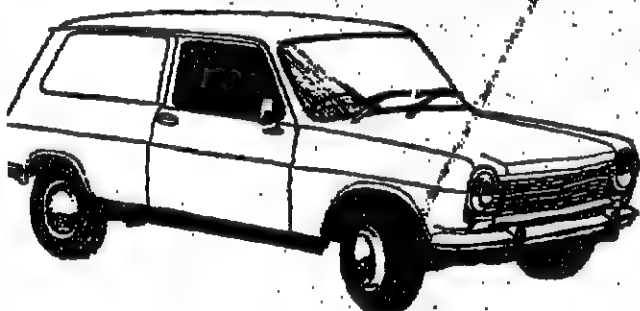


# They all make money

These are the trucks that you don't read about in the newspapers. The trucks that are making money for people all along the line... our employees who make them... the specialists who sell them... and, most of all, the operators who use them. From ingeniously spacious 10 cwt vans right through to powerful 32-ton tractors that give impressively high m.p.g., each represents a standard of excellence in vehicle design and quality in the service of local government, business, and the nationalised industries.

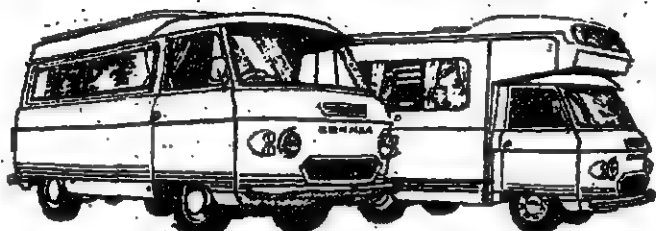
## The 1100 Vans

The most businesslike runabout ever devised, the Simca Van, has 55 cu. ft. of carrying space, 10 cwt of load capacity, and is a real miser on fuel. And if you need even more space, the High Top version gives you 91 cu. ft. There's no more profitable way to keep a small business moving.



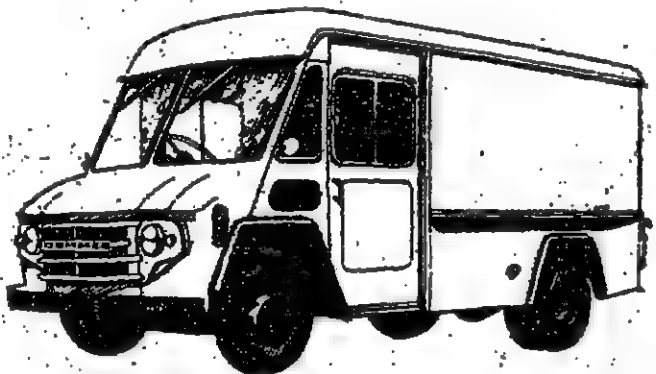
## The SPACE Vans

Profit by the cubic foot with a Commer B Van. 200 cu. ft. of usable loadspace at today's most competitive price. The economic miracle... Repeatedly breaks the 40 m.p.g. barrier", said Motor Transport (March 14th, 1975) of the diesel-powered version. Ask for a demonstration.



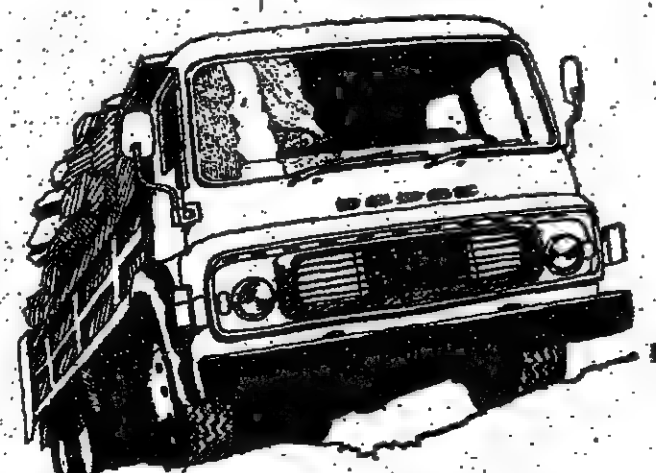
## The SPACE Caravans

A Commer based Caravan offers the freedom of the road at a price many more people can afford. More space means more comfort for families on the move. Fuel economy, extreme reliability, and ease of maintenance make it a thoroughly economical proposition.



## The Walk-Thrus

Still today's most competitive short-haul delivery van after fourteen years of setting new standards in reliability. Favourite among profit-conscious businessmen and nationalised industries alike. Low price: economical running and maintenance—very easy loading—wide GVW range.



## The Shock Absorbers

Rugged, powerful, dependable. That's the Dodge 500 series! First choice among on and off the road operators who need plenty of strength in reserve in two and three axle rigs and tractor units.

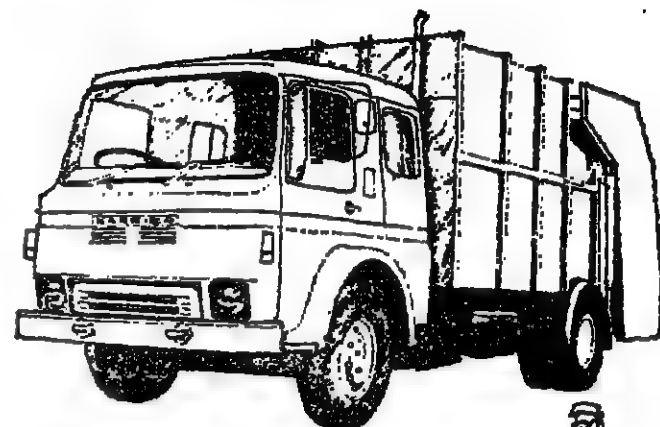
## The Commer Commando

Incredibly trouble-free ever since its launch, the Commer Commando is proving its claim to be the Business Efficiency Machine! And still making history with a range of options to give you a truck that's virtually purpose-built. A steadily growing choice among the top names in business.



## The Performance Tractor

The 'Big Dodge Mile Test' proves it! For economy, power, payload, and price, the Dodge K38 beats practically everything by a mile. Operators report a saving of up to 1 1/2 hours on a day's run, and an m.p.g. of up to 9.6, fully laden, in a variety of operating conditions. Ask your Chrysler Dealer.



## The Rates Savers

That's Chrysler's Municipal range: Most efficient transport money can buy. From 10 cwt vans, two and three-axle rigs and tractor units up to 32 tons. All tailor-made for the job. All built to last.

## The Long Life-line

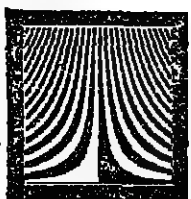
When you buy a Chrysler truck you buy a complete service. Every vehicle is protected by a parts availability that is unsurpassed in the industry, and a national dealer network of the highest calibre, offering you a full service backing through Certified Truck Care.



# Dodge Commer KARRIER

business efficiency in ACTION!





# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHWETTER

## POLLUTION

### Fumes go without heat loss

THE TRADITIONAL way of dealing with obnoxious industrial atmospheric pollutants such as welding fumes, oil mist, and metal burning dust is to use an extractor fan to withdraw the contaminated air from the premises. On a smaller, and more domestic scale the same technique is used to remove cigarette smoke and other unpleasant fumes from rooms.

The reason why extraction has been the simplest method is that when the pollutant has a particle size of less than 10 microns, it is not feasible to collect it using mechanical means filters. But recently the increase in space heating costs has brought home the realisation that an extraction system not only removes air pollution, it also removes and wastes the expensively heated air itself. In the circumstances what is needed is an air cleaner capable of returning cleaned air to the work-place and avoiding the energy wastage associated with extraction systems.

Acrona International has recently developed large scale industrial version of air cleaners using an electrostatic technique in trap particles down to 0.05 microns. Available under the Tecron brand name, these new air cleaners are developed from smaller units used in clubs and restaurants to clear the air of cigarette smoke. They have a handling capability of 4,000 and 8,000 cubic feet per minute, and

are of modular design so that units can be combined to provide almost any throughput. Elimination of dust and other particles—including pollen, bacteria and even some viruses—is carried out by an electronic process. The air is drawn by a low power fan through a large mesh screen charged to 8.5kV, and then through another screen held at 4.5kV. The particles receive a charge in the first section—formed by the ionizer—and are attracted to and held by the second section: the collector cell. The process gives an extremely high efficiency of removal of airborne particles, claimed to be up to 98 per cent.

### Air vented quietly

EASIER installation, lower costs, improved sound attenuation, are offered by Bahco with exhaust valves for hotels, shops, schools, offices, hospitals and premises. Press-formed in steel and electrostatically stove enamel coated, Bahco GPD valves have particular application on large installations. The sound effect resulting from internal and external temperature differentials, also effects

of wind pressure, create balancing problems. The design of the Bahco registers offers a high pressure drop potential, allowing easy air flow adjustment and system stability at lower noise level. Capacity ranges from 0.006 to 0.1 cubic metres/sec. Two diameters are available for duct connections 100 mm and 150 mm. The design allows for accurate pre-setting before mounting. Final adjustment and re-setting is quick and simple, since the air flow can be ascertained by a single measurement taken at the blurring disc.

Bahco Ventilation, Bahco House, Beaumont Road, Banbury, Oxon. OX16 7TB. (0295 57461).

## AVIATION

### Pilots see at night

ALTHOUGH primarily for military use, a new development in aircraft head-up displays (HUD) by Marconi-Elliott Avionic Systems, has obvious applications to aviation in general.

The new system enables a pilot quite literally to see in the dark during night operations. The otherwise invisible scene is made visible to him by projecting an image, every part of which appears, to the pilot, to be in its exact location in the real outside world. He is thus able, while looking out of the windscreen through the head-up display, to operate exactly as he does under daylight conditions.

The image he sees is in the form of a TV-like picture projected into his view ahead and is obtained from forward-looking infrared (FLIR) or low-light television sensors in the aircraft. The new system is an extension of the HUDs produced in large quantities by the company—and

## NOTICE OF REDEMPTION

To the Holders of

### AUSTRALIAN RESOURCES DEVELOPMENT BANK LIMITED

9 1/2 % Deposit Notes Due 1983

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Notes of the above-described bank, the principal amount thereof, together with accrued interest to said date, through operation of the Sinking Fund U.S. \$1,200,000 principal amount of said Notes bearing the following numbers:

1001	2707	2708	2709	2710	2711	10768	10769	10770	10771	10772	10773	10774	10775	10776	10777	10778	10779	10780	10781	10782	10783	10784	10785	10786	10787	10788	10789	10790	10791	10792	10793	10794	10795	10796	10797	10798	10799	10800	10801	10802	10803	10804	10805	10806	10807	10808	10809	10810	10811	10812	10813	10814	10815	10816	10817	10818	10819	10820	10821	10822	10823	10824	10825	10826	10827	10828	10829	10830	10831	10832	10833	10834	10835	10836	10837	10838	10839	10840	10841	10842	10843	10844	10845	10846	10847	10848	10849	10850	10851	10852	10853	10854	10855	10856	10857	10858	10859	10860	10861	10862	10863	10864	10865	10866	10867	10868	10869	10870	10871	10872	10873	10874	10875	10876	10877	10878	10879	10880	10881	10882	10883	10884	10885	10886	10887	10888	10889	10890	10891	10892	10893	10894	10895	10896	10897	10898	10899	10900	10901	10902	10903	10904	10905	10906	10907	10908	10909	10910	10911	10912	10913	10914	10915	10916	10917	10918	10919	10920	10921	10922	10923	10924	10925	10926	10927	10928	10929	10930	10931	10932	10933	10934	10935	10936	10937	10938	10939	10940	10941	10942	10943	10944	10945	10946	10947	10948	10949	10950	10951	10952	10953	10954	10955	10956	10957	10958	10959	10960	10961	10962	10963	10964	10965	10966	10967	10968	10969	10970	10971	10972	10973	10974	10975	10976	10977	10978	10979	10980	10981	10982	10983	10984	10985	10986	10987	10988	10989	10990	10991	10992	10993	10994	10995	10996	10997	10998	10999	11000	11001	11002	11003	11004	11005	11006	11007	11008	11009	11010	11011	11012	11013	11014	11015	11016	11017	11018	11019	11020	11021	11022	11023	11024	11025	11026	11027	11028	11029	11030	11031	11032	11033	11034	11035	11036	11037	11038	11039	11040	11041	11042	11043	11044	11045	11046	11047	11048	11049	11050	11051	11052	11053	11054	11055	11056	11057	11058	11059	11060	11061	11062	11063	11064	11065	11066	11067	11068	11069	11070	11071	11072	11073	11074	11075	11076	11077	11078	11079	11080	11081	11082	11083	11084	11085	11086	11087	11088	11089	11090	11091	11092	11093	11094	11095	11096	11097	11098	11099	11100	11101	11102	11103	11104	11105	11106	11107	11108	11109	11110	11111	11112	11113	11114	11115	11116	11117	11118	11119	11120	11121	11122	11123	11124	11125	11126	11127	11128	11129	11130	11131	11132	11133	11134	11135	11136	11137	11138	11139	11140	11141	11142	11143	11144	11145	11146	11147	11148	11149	11150	11151	11152	11153	11154	11155	11156	11157	11158	11159	11160	11161	11162	11163	11164	11165	11166	11167	11168	11169	11170	11171	11172	11173	11174	11175	11176	11177	11178	11179	11180	11181	11182	11183	11184	11185	11186	11187	11188	11189	11190	11191	11192	11193	11194	11195	11196	11197	11198	11199	11200	11201	11202	11203	11204	11205	11206	11207	11208	11209	11210	11211	11212	11213	11214	11215	11216	11217	11218	11219	11220	11221	11222	11223	11224	11225	11226	11227	11228	11229	11230	11231	11232	11233	11234	11235	11236	11237	11238	11239	11240	11241	11242	11243	11244	11245	11246	11247	11248	11249	11250	11251	11252	11253	11254	11255	11256	11257	11258	11259	11260	11261	11262	11263	11264	11265	11266	11267	11268	11269	11270	11271	11272	11273	11274	11275	11276	11277	11278	11279	11280	11281	11282	11283	11284	11285	11286	11287	11288	11289	11290	11291	11292	11293	11294	11295	11296	11297	11298	11299	11300	11301	11302	11303	11304	11305	11306	11307	11308	11309	11310	11311	11312	11313	11314	11315	11316	11317	11318	11319	11320	11321	11322	11323	11324	11325	11326	11327	11328	11329	11330	11331	11332	11333	11334	11335	11336	11337	11338	11339	11340	11341	11342	11343	11344	11345	11346	11347	11348	11349	11350	11351	11352	11353	11354	11355	11356	11357	11358	11359	11360	11361	11362	11363	11364	11365	11366	11367	11368	11369	11370	11371	11372	11373	11374	11375	11376	11377	11378	11379	11380	11381	11382	11383	11384	11385	11386	11387	11388	11389	11390	11391	11392	11393	11394	11395	11396	11397	11398	11399	11400	11401	11402	11403	11404	11405	11406	11407	11408	11409	11410	11411	11412	11413	11414	11415	11416	11417	11418	11419	11420	11421	11422	11423	11424	11425	11426	11427	11428	11429	11430	11431	11432	11433	11434	11435	11436	11437	11438	11439	11440	11441	11442	11443	11444	11445	11446	11447	11448	11449	11450	11451	11452	11453	11454	11455	11456	11457	11458	11459	11460	11461	11462	11463	11464	11465	11466	11467	11468	11469	11470	11471	11472	11473	11474	11475	11476	11477	11478	11479	11480	11481	11482	11483	11484	11485	11486	11487	11488	11489	11490	11491	11492	11493	11494	11495	11496	11497	11498	11499	11500	11501	11502	11503	11504	11505	11506	11507	11508	11509	11510	11511	11512	11513	11514	11515	11516	11517	11518	11519	11520	11521	11522	11523	11524	11525	11526	11527	11528	11529	11530	11531	11532	11533	11534	11535	11536	11537	11538	11539	11540	11541	11542	11543	11544	11545	11546	11547	11548	11549	11550	11551	11552	11553	11554	11555	11556	11557	11558	11559	11560	11561	11562	11563	11564	11565	11566	11567	11568	11569	11570	11571	11572	11573	11574	11575	11576	11577	11578	11579	11580	11581	11582	11583	11584	11585	11586	11587	11588	11589	11590	11591	11592	11593	11594	11595	11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# PARLIAMENT

## DEVOLUTION DEBATE

### Dell indicates risks to regional planning

THE WHOLE of Wales and Scotland were assisted areas and investors were often refused permission to develop in non-assisted parts of England in order to encourage investors to go to Scotland or Wales, Mr. Edmund Dell, Paymaster General, said in the Commons yesterday.

Mr. Dell said the devolution debate, which is being held in the Commons, is a sensible one to have at a time when private investors, particularly multi-national companies, could play off one part of the United Kingdom against another and so divert funds which should be used for regional development to their profit.

It must be for central government to ensure that regional incentives are not so big that they become a way of life.

Describing Scotland and Wales as feeling that they were "exploited by England and victims of England's perennial balance of payments problem," Mr. Dell added: "The truth is probably very different."

The very foundation of the devolution White Paper is a determination to preserve the unity of the United Kingdom, but economics are also important.

Mr. Dell countered the argument that Wales and Scotland were burdened by English public expenditure by pointing out that during a given period, public expenditure, excluding nationalised industries, was £836 a head for Scotland, £578 per head for Wales and only £545 a head for England.

Turning to North Sea oil, the Minister said: "On the basis of current tax policy and the current price of oil, we would expect that by the early 1980s, the U.K. Government will be



Mr. Edmund Dell... put the case for economic unity.

drawing a total income, at 1975 prices, of £3bn. to £3.5bn. a year. He suggested that the U.K. as a whole, would be "far more robust in the future" to withstand fluctuations in the price of oil.

Mr. Dell said the Government proposed that revenue from North Sea oil should go to the U.K. as a whole, to be distributed according to need. But if oil revenue were devolved, the Continental Shelf would have to be divided up between various parts of the country.

Well as regions like the North west of England, would receive nothing. Also make far more difficult the already difficult problem of the position of the Shetland Islands in relation to the Scottish Assembly," he said.

In a plea "for the unity of this nation," Mr. Dell said it was the united efforts of everyone in the U.K. that would rejuvenate British industry. "I do not think we are debating separatism, but the road to a more perfect union."

Opposition spokesman, Sir

David Renton, a member of the Kilbrandon Commission, said he had not agreed with those members of the Commission who believed their analysis of the problems justified legislative or executive devolution.

The powerful arguments against a federal solution applied just as much against executive devolution and even more against legislative devolution.

For these reasons, he opted for the Douglas-Rome proposals, because they produced no new fragmentation of the sovereignty of Parliament. He was especially concerned that the Government's proposals would have "a most damaging effect" on local authorities in Scotland and Wales.

Sir David said that it was clear that many things now done by local authorities would be done and supervised by the new executive. "Too many cooks spoil the Scotch broth. This would be delirium for developers and purgatory for planners," he declared.

The Scottish Assembly would be free to pass new laws, taking discretion away from local authorities. "With this dual chain of responsibility and overlapping functions, the Government's confusing proposals will have a most damaging effect on local authorities in both Scotland and Wales."

"This is, to my mind, a constitutional nightmare," Sir David also pointed out that "having joined the EEC, it would surely be a constitutional departure to embark on that degree of political and economic fragmentation which legislative and executive devolution would cause."

"I do not believe we shall ever make our country, or any part of it, happy or great again, by cutting ourselves off from each other on either side of Hadrian's Wall or Offa's Dyke. Our best course is to try to appreciate and respect each other, striving together for the good of the U.K."

In a well argued speech, Mr. Dell made short work of demolishing the SNP's case that a separate Scotland would have a brighter economic future than it would within the U.K. Scotland had a larger trade deficit than England but a larger share of public expenditure, he said.

And the major benefit of North Sea oil so far had been to allow the SNP to suspend the laws of arithmetic in the party's favour.

Going apart from the question of just how much oil would go to Scotland if the Continental Shelf were to be divided, the SNP's policy of limited oil production would not provide the revenue to support its promises of economic and social improvements.

ACTION taken by the Government to secure majority State aid to secure the commercial oil fields under development now or found under fifth round licences would not normally involve purchase of a stake in the equity of oil companies, Mr. John Smith, Minister of State for Energy, told the Commons yesterday.

Mr. Smith said that the Government was considering long-term reductions in the strength of the Civil Service in keeping with its promise of reducing planned future public expenditure.

But he warned that in the short-term, there was likely to be a further growth in numbers to deal with existing work, particularly where it was demand related as in the payment of unemployment benefits.

He told MPs: "We remain committed to the principle that the Civil Service must be properly staffed to carry out the work which Parliament gives it to do. Significant reductions in its size cannot be achieved solely by increased efficiency and therefore must largely follow decisions about how work can be reduced."

"Reductions will therefore take some time to have full effect." The most recent figures available showed that in October last year there were 719,143 civil servants, he said.

After confirming that the loan had not yet arrived, he stated "the loan contract between the Government and the National Water Council was signed in mid-November, and provides for the drawing to take place within a specified contract period" which has not yet expired.

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### Be bold...or U.K. will break up'

THE COMMONS was gravely warned by Mr. Edward Heath, the former Tory leader, yesterday that if it opposed devolution the break-up of the United Kingdom would be almost inevitable.

"It would be folly to sit here and do nothing," Mr. Heath declared, visibly annoyed by many Conservatives who have been contemplating such inaction.

Following close behind the reluctant devolutionism of Sir David Renton, on the Tory front bench, Mr. Heath's speech illuminated the divisions in the Tory party. Lord Roper's proposals, on which Mr. Heath has been attempting to hold the party line, were no longer enough, Mr. Heath told MPs.

Scottish nationalism was no passing whim but a deep-rooted conviction—and Mr. Heath was warning that if the Tories were not careful they could govern themselves better than Westminster and Whitehall, then the party of individual freedom, at least, should be prepared to let them try, he said.

And chiding the Government for its restrictive proposals, he urged both sides of the Commons to reach agreement on the basis of real devolution of powers.

That sort of consensus still looked remote, however, as Sir David, commenting that "too many cooks spoil the Scotch broth," declared that some indefatigable lumps of the Government's White Paper which he complained would ruin the constitution.

Mr. Edmund Dell, Paymaster General, also made it clear that the Government had no intention of satisfying the SNP's appeal for economic and industrial powers—not yet anyway.

In a well argued speech, Mr. Dell made short work of demolishing the SNP's case that a separate Scotland would have a brighter economic future than it would within the U.K. Scotland had a larger trade deficit than England but a larger share of public expenditure, he said.

And the major benefit of North Sea oil so far had been to allow the SNP to suspend the laws of arithmetic in the party's favour.

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## LABOUR NEWS

### BR non-union writer faces threat of dismissal

BY LORELES OLSLAGER, LABOUR STAFF

BRITISH RAIL has warned a white-collar employee that he faces dismissal if he persists in refusing to join a trade union under the industry's closed shop agreement that came into effect last August.

Mr. David Blackwell, 38, a feature writer for BR's staff journal, says he was warned verbally last Friday and could be dismissed "any minute" now.

According to the latest figures available from British Rail, some 200 of the industry's 200,000 employees had not joined one of the three unions which signed the closed shop agreement. The unions are the National Union of Railworkers, the Transport Salaried Staffs Association, and the Associated Society of Locomotive Engineers and Firemen.

A total of 113 employees had formally applied for an exemption, and 95 were still undecided on what action to take. The agreement provides for exemption on religious grounds or if a person has any "reasonable" grounds for objecting to any particular union.

British Rail said that no decisions had been reached on any applications for exemption and no one had been dismissed for refusing to join a union.

Mr. Blackwell, who says he has worked for British Rail since 1958, decided not to apply for exemption because he feels that the relevant clause in the agreement does not cover his case.

He was given a choice between two unions, the NUR and the TSSA, both of which, he feels, are engaged in political activities of which he does not approve. He said he might have joined ASLEF, for which he does not qualify, because "95 per cent. of their activities are concerned with looking after the interests of their members."

Mr. Blackwell also argues that an enforcement of the closed-shop agreement infringes a number of his individual rights.

He could no longer be his own advocate at work, and the unions could deprive him of his job by expelling him and "exert duress" to make him write what they liked.

Mr. Blackwell claims that a number of people, mostly women at BR headquarters, were "bullied" into joining a union. One woman secretary was told that she would "blot her copybook" if she refused.

Mr. Blackwell says that he might appeal against his dismissal when he receives a formal letter of notice, but he felt that the industrial tribunals which hear such appeals are "administered by the unions" and not impartial.

A decision in the "Ferrybridge Six" closed-shop case, heard in Leeds, is expected to be announced on February 3. The six men, power workers at Ferrybridge "C" power station, West Yorkshire, appealed to an industrial tribunal for a ruling on their alleged unfair dismissal by the Central Electricity Generating Board last September.

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## OBITUARY

## Sir Ronald Edwards

BY GEOFFREY OWEN

THE DEATH of Sir Ronald Edwards is a tragic loss for British industry and for British Leyland in particular, whose chairman he became only three months ago. His health had not been good recently and this was a source of anxiety when he accepted the Leyland appointment. In almost every other respect he was ideally suited for the post—his intellectual rigour, his probing and often unconventional approach to business problems and his long experience of Government-Industry relationships.

During his short time in Leyland House "he made us all think a lot harder," said one of his colleagues yesterday. One of his first tasks at British Leyland was to develop a working relationship between the management and the National Enterprise Board.

He was determined that the corporation should be run on commercial lines and that the management should be free to get on with its job, while recognising the need for the NEB, as the principal owner of the business, to monitor performance.

This task, which was nearly complete at the time of his death, fitted naturally with Sir Ronald's role as a bridge-builder between the public and private sectors.

For into the last 15 years of his life (he was in his 50s when he was given his first big job) he packed an unusual combination of experience—first as chairman of the Electricity Council, a nationalised industry subject to all the pressures of public accountability and Ministerial interference, and then as chairman of Beecham, a company operating in some of the most fiercely competitive and high-risk areas of business.

During the same period he was asked by the Government to carry out an investigation into the future of civil aviation. The civil aviation report, published in 1969, which put forward a powerful case for a second force airline as a rival to the State-owned corporations: it was accepted as the basis of Government policy.

The civil aviation report, pointing out the company's problems, plunged into the job life—his passionate belief in the individual and in the most effective management performance. "We should do all in our power," he said recently, "to prevent the growth of industrial

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## The Executive's World

## Steps to electronic age

BY NICHOLAS LESLIE

OUTH AFRICA is a country sized exchanges—would become an industry has been facing a rapid advent of some advanced technologies in recent years. The opening of its television network has plunged in industry there into the forefront of coloured television technology without any sort of steady progression seen elsewhere in the industry. In this industry, therefore, as in many others, a of technical expertise has in the past been "bought in" from outside the country.

## Domestic

But, increasingly now, domestic rather than foreign management is being trained up by companies to take them through technological transitions. One of the Telephone Manufacturers South Africa, one of the country's main suppliers of telephone equipment and systems to South African Post Office (a company in which General Electric Company of the U.K. is a partner) are the shareholders.

South Africa's telephone system was established on electronic principles, but it is making a transition to electronic equipment. Last year, it announced that the Post Office there had decided that the man Siemens CP/44 and /24 electronic switching system would be the most suitable South Africa's purpose. At the time of the announcement, it was stated that the /44—for large and medium-

The need for a company such as Telephone Manufacturers to prepare itself for eventualities such as this is therefore obvious. Part of this preparation has been to send groups of key management personnel on a training course at Dunfermline Industrial Staff College, near Rugby—the college is owned by GEC, but its director, Mr. Raymond Goddall, asserts that the college won't be the centre of its programme on its merits rather than its GEC connections.

The aim of the course has been not to provide technical training, and instruction so much as to condition the management concerned—there are 24 involved in all—with the type of atmosphere, pressures and decision-making criteria that are present in a plant manufacturing advanced technology products. To achieve this, the programme has been a combination of participative instruction at the college and attachment for varying periods to leading European telecom-

munications and electronics companies such as Philips, in Holland, ICL, and various GEC plants.

As Mr. Goddall explains: "We are most concerned with making them aware of the problems they may face and how to find a solution." Another concern has been to ensure that they see problems coming rather than waiting to handle a problem when it is on top of them. He sees the group as the "sharp end" towards preparation of Telephone Manufacturers for its new technology.

The 24 men are from varying ranges of management level, from foremen up to the deputy manufacturing manager. They go through a programme embracing costing and budgeting, supervisory management, finance and investment appraisal and other such subjects. On attachment they spend periods with a manager in their host company at a level typical to their own within Telephone Manufacturers.

## Groupings

Another aim of the course, says Mr. Goddall, has been to create groupings where people interface one another, the objective being to establish connections of experience so that they talk together within their company far more than in the past.

The 24 men have been split into three groups of eight, and the course lasts for 12 weeks. Currently, the second group is in the middle of its programme and the final group will take

the programme into the summer.

A straw poll of opinion among the current group threw up the universal opinion that not only were they aware of the benefits for themselves, but they could also see changes and progress made in others. They found it both interesting and illuminating to find that visits to companies belied their belief that in the use of various systems—computers for instance—South Africa was well behind those companies. All seemed to find the structure of the course a surprise—most expected a 12-week period of lecture-style instruction only rather than a participative type of course.

One reaction: "In coming on the course I have learned to broaden my outlook and to see how other people approach problems. In going out into industry I think what we have seen in particular is management controls." Another remarked: "I had a very skimpy knowledge of finance but we had one gruelling week of this and I now have a far deeper insight than I had before."

But, of course, the programme will not achieve its complete object unless this management caucus uses its wider knowledge and outlook to utmost advantage when they get back to South Africa. Mr. Goddall acknowledges this and to ensure that the programme achieves its widest objective he will visit South Africa after completion of the courses to assess this cross-fertilisation.

## Employment protection responsibilities

JOE CHANGES to existing social and industrial relations policies will need to be made in the future as a result of the provisions of the Employment Protection Act, 1975, and for management needs to be aware of this, together with the provisions of the Act.

This is one of eight recommendations made by the British Institute of Management in one of its management information sets. Managers will need careful dealing with staff in relation to, for example, to trade union membership, dismissal procedures, information disclosure in short-time working, says the institute. It also suggests that a plan should be prepared to ensure that all existing personnel policies and practices are systematically examined and fully checked against the requirements of the Act and that a schedule be prepared for the retraining, printing and distribution of personnel and other documents, procedures which are affected.

These have now been paraded down to four motions—The Government and the Economy; Responsibilities and Performance of Managers; Participation and Industrial Democracy; and BIM, include the best ways BIM as the voice of management, ensuring that managers and employees are trained to understand how the Act affects them, and how managers and staff can be encouraged to appreciate

the need for changed attitudes and even new skills.

The BIM's final recommendation states that as the Act is basically an enabling Act a close watch should therefore be kept for statutory orders made by the Secretary of State for Employment implementing specific sections of the Act.

The outline programme for the BIM's first National Convention, to be held at the Royal Festival Hall on March 5, has now been drawn up. Earlier disclosure by the BIM of suggested motions from branches for discussion at the convention showed up feelings of frustration about managers not being allowed conditions in which they could manage and a dissatisfaction about the increasing intervention of Government in industry.

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Jack Callard and Mr. Peter Parker.

In the first motion the Government is urged to reverse the trend whereby an ever increasing proportion of the working population is employed in or by the Government and its agencies—and which increasingly interfere with efforts of the industrial sector—to create the right environment for industry's managers to get on with the job. In the second motion, in addition to discussing managers' responsibilities, there is a call for improved rewards, while in the third a "new spirit" and attitude towards work—on the assumption that everybody is a "worker"—with no "them and us" division—is called for. The final motion seeks a wider ranging and more official role for the BIM.

A lot of discussion and many articles have been provoked by the deliberations currently taking place within the accountancy profession in the U.K. and on the Continent. Adding to the whole now is a conference organised by the Graduate Business Centre under the title "Accounting and Finance in Europe," which will be held on February 10 and 11 at the Plasterers' Hall, London Wall.

David Fishlock, FT Science Editor, looks at a company's problem

## Fighting for innovation



Mr. Richard Dain (centre), flanked by Mr. Tony Rudd (left), chairman of Rowe Rudd, and Mr. Gerald Kelly, institutional director of Rowe Rudd, with display of products, including powder.

THE EXPERIENCES of a small company near Tonbridge, in Kent, in its efforts to exploit a new technical development described by independent expert assessors as "a metallurgist's dream" sheds an unflattering light on the receptiveness of U.K. industry to innovation. The company has abandoned plans to launch into production on a substantial scale, and has chosen instead to license its process, hoping that this will reduce both the risk of labour problems and its tax burden.

The technical development is the brainchild of two research men, Professor Sir Hugh Ford, head of the department of mechanical engineering at Imperial College, London, and Mr. Richard Dain, chief executive of Powdrex. In the late 1960s they were respectively technical director (part-time) and research director of Davy Ashmore. They were deeply engaged in powder technology, the forming of engineering parts from fine metal powders (although their studies in fact led the company into new techniques for extracting metals).

## Partnership

The pair left Davy Ashmore and formed a partnership, Ford Dain Partners, with the aim of using their power technology experiences to make a specific material—high-speed tool steel, an expensive and capricious alloy. They placed a research in construction of a pilot plant. The broker raised £484,000 from the same backers—and more cheaply, believes Sir Hugh Ford, than any other source of risk capital available in Britain for backing new inventions.

The equity in Powdrex at this stage was split between the two partners (50 per cent.), Rowe Rudd (20 per cent.) and Ford Dain Partners (20 per cent.). Sir Hugh approached a City broker, Rowe Rudd and Co. "I went there," he says, "because they were pretty bright at putting together high technology and backers." Rowe Rudd, with 15 years' experience in supporting high-technology ventures, set out to raise £30,000 to cover any contingencies. They raised it mainly in Scotland, through insurance companies and investment trusts, despite the fact that, as one broker

put it, "it was a very high risk project when we went in."

The partners then produced the first cutting tools by their new route for an outlay of only £16,000. They had them assessed by the Battelle Memorial Institute, a contract research organisation specialising in materials technology, whose report used the phrase I have already quoted.

In the winter 1973-74 they invited the backers, on the strength of this report, to invest in construction of a pilot plant. The broker raised £484,000 from the same backers—and more cheaply, believes Sir Hugh Ford, than any other source of risk capital available in Britain for backing new inventions.

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research stops only when you've got a saleable product." He drew up a new plan for licensing the toolmaking technology while using the pilot plant to supply licensees with the novel powders. His market, he believes, is the company making premium-quality steel products in the price bracket £4,000-£20,000 a ton.

Thus, Powdrex now offers three services: first, to produce small quantities of custom-made tools, produced on its pilot plant; second, to start a production run for a licensee and to train his staff; and third, to design and specify a production plant for the licensee. As part of the process of marketing this package, Powdrex has raised a further £200,000 from its backers to set up a "shop window" later this year. This will take the form of a small production plant, with only half the capacity of the pilot plant, but in a newly-built factory "to which we can take Americans and not feel ashamed."

Meanwhile, more than a dozen engineering companies, half of them overseas, have already bought trial quantities of tools, powder or both. From one, a toolmaker specialising in button dies, the results drew the comment "superb."

But, as Mr. Dain acknowledges, the secret of successful innovation is to recognise that

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TUESDAY, JANUARY 20, 1976

## A squeeze on spending

RETAILERS will not be surprised to learn that their Christmas sales were disappointing. The provisional official index of the volume of retail sales for December, which makes allowance for normal seasonal fluctuations, does indeed suggest that there was a very small rise in that month, but one quite insufficient to have much effect on the prevailing pattern.

The second and third quarters of last year can be regarded as roughly offsetting one another's peculiarities: sales were artificially stimulated in the second quarter because of VAT changes announced in the Budget and artificially depressed in consequence during the quarter following. Fourth-quarter sales were 1 per cent lower than the average for these two quarters and 5 per cent lower than at the end of 1974 and the beginning of 1975. Quite apart from fluctuations in the personal savings ratio, which are highly tentative and largely influenced by the balance between new consumer credit and repayments of existing debt, consumer spending has been squeezed hard.

The explanation of the squeeze is plain enough—a rise in disposable income after tax too small to keep pace with the rise in prices. This trend, which is spelt out in detail only in the quarterly analysis of national income and expenditure some months after the event, is so marked that it can be readily traced even in terms of gross income. The growth in the index of retail prices has been slowing down, but it is still rapid.

### Earnings growth

So far as measuring the deceleration is concerned, it may make better sense to study the index which excludes seasonal foodstuffs and measures change over the past six months as an annual rate. This has indeed shown a very marked rate of deceleration, especially in the past three months. But the deceleration in the growth of the retail prices index itself, though reasonably steady, has been much less impressive: in the fourth quarter of 1975, for example, the average level of the index was still well over 25 per cent higher than a year before.

The average level of gross wage rates in the fourth quarter did, in fact, rise fractionally

more than this over the year. But the index of average earnings is a much better guide, even though it appears a month in arrears and the figure published yesterday takes us only as far as the state of affairs in November. The year-on-year percentage increase in the index of earnings has been falling steadily since the summer and this was particularly marked between October and November, when the increase on the same months of 1974 dropped from 24.9 to 21.3 per cent. Even averaging out the past three months available to get rid of chance fluctuations, the rise in the earnings index over the year has recently been markedly less than the rise in retail prices.

### Public v. private

And this comparison, of course, is made in terms of gross earnings before tax. The disparity between the rise in disposable income and the rise in prices must be even greater. What is more, unless there is an improbably sharp improvement in the behaviour of prices, this disparity may well widen over the next few months during which the full effect of the voluntary 56 limit on wage increases will be making itself felt.

Given this drop in real living standards, the policy of voluntary wage restraint has held up remarkably well. It is hardly surprising that the leaders of organised labour, now that tentative discussions about the next stage of wage restraint are getting under way, should be pressing the Government to do this or that to relieve the situation of their members. But a domestic stimulation of the economy in order to bring the level of unemployment quickly down to the low levels ruling in the fairly recent past would throw away all that has been gained so far and make the problem of inflation more intractable than ever. What the unions have a right to demand in the name of their members is that there should be a gradual increase in the real level of personal consumption from the summer onwards as the economy picks up. What they should be equally clear about is that the growth of consumers' own spending power is directly dependent on the willingness of the Government to actually cut public expenditure.

## Some home truths on industrial policy

THE Department of Industry, apparently attempting to recover some credibility after the Chrysler affair, has published a document which "takes stock" of the criteria involved in government assistance in industry. In view of the previous way in which successive governments have used Section 8 of the 1972 Industry Act (which provides for assistance to a company anywhere in the U.K. on "national interest" grounds), such a stock-taking is long overdue. The document contains some home truths which are likely to be unpalatable to many of the Government's supporters.

### Profitability

It is useful to have restated the proposition that "profitability and return on capital, measured in financial terms, are the best *prima facie* indicator of a company's efficiency in using resources and in giving consumer satisfaction." The assessment of viability must include a realistic appraisal of the market for the company's products and its ability to sell in those markets at competitive prices. (Would the BSA motor cycle business have been rescued if such an appraisal had been made?) The quality of management is also emphasised. (Would the BMH/Leyland merger have been backed if a thorough investigation had been made into the management resources available to make the merger a success?)

The Government's decision on whether to contribute funds will be "influenced," though not determined, by the willingness of commercial bodies to put up part of the finance: "people are more likely to take a hard-headed view of prospects when their own money is at stake." The document suggests that receivership or liquidation (which "does not necessarily

involve the complete cessation of the company's activities") may sometimes be the best solution. The Government may be willing to make a modest contribution to a receiver's working losses in order to facilitate the sale of the business as a going concern, but only on the basis that the support will be limited to a short period.

It is not clear what impact this general statement of principles would have on a particular rescue situation, particularly the large-scale crisis which tends to arrive with frightening suddenness and to pose the trickiest political problems. Potential viability is to mean that the business should be viable in three years "or longer in very exceptional cases." Nevertheless, it is important to have on record, for example, that workers' co-operatives must satisfy the same criteria of viability as any other business.

### Restrictions

What all this should mean, if the criteria are followed, is that assistance under Section 8 will become extremely rare. For most of the recipients of Section 8 funds so far have been commercial failures which would not satisfy the new criteria. One would feel more confident about this if the restrictions on the use of Section 8 were built into the Industry Act itself rather than contained in a document which has no binding force. The power of the Government to rescue lame ducks through Section 8 and to "invest in success" (whatever that may mean) through the National Enterprise Board is still far too wide. An expression of intent that the power will be used more sensibly in future is welcome but not enough.

Mr. Callaghan last week announced the setting-up of a major review of the Foreign Office, the third such exercise since 1962.

Malcolm Rutherford questions the cost of U.K. diplomacy and suggests the issues which need to be tackled.

# Plowden, Duncan and Berrill

EVERY six years or so, it seems, the British Foreign Office comes under major review. In 1962-63 there was Plowden; in 1968-69 there was Duncan; and, as Mr. James Callaghan, the Foreign Secretary, announced last week, 1976 is the turn of Sir Kenneth Berrill and his colleagues of the Central Policy Review Staff or "think tank."

There is no design about this—no in-built machinery to ensure that such reviews are a regular occurrence. Indeed, the Duncan Report was specifically intended to produce a diplomatic service for the mid-1970s and beyond; thereby, by implication, rendering further reviews unnecessary for some considerable time to come. Yet the fact that Sir Kenneth has now been asked to do the job again suggests either that the Foreign Office is resistant to treatment or that there has been something wrong with the earlier reviews, or quite possibly both.

Since it is very hard to find a member of the Foreign Office who does not claim, at least in private, that the service is too large and ought to be reduced, it follows that opportunities for reform exist. But the Foreign Office is a servant and not a master. It cannot reform itself; it cannot, for instance, easily refuse to do some of the tasks allotted to it. Its members do not complain that they are under-employed—far from it: they do complain that some of the tasks are unnecessary. The onus for reform is therefore on the authors of the reviews and the governments to which they report.

### Decline as a world power

Going by its terms of reference alone, there is no reason to believe that the Berrill report will be any better than its predecessors. Plowden was asked by Mr. Harold Macmillan, the then Prime Minister, "to

review the purpose, structure and operation of the services responsible for representing the interests of the U.K. Government overseas... and to make recommendations, having regard to changes in political, social and economic circumstances in this country and overseas."

The instructions to Duncan, coming shortly after the devaluation of the pound and the announcement of British withdrawal from East of Suez, were more urgent and more detailed. There was specific reference to the balance of payments, to Britain's "changing international role," to the need to further British commercial and economic interests overseas, to "have regard to the function and scale of representation by other major Western European countries," and to try to cut costs. But essentially it was the same kind of general review of British overseas representation.

### Terms of reference

The Berrill review's terms of reference, announced by Mr. Callaghan last week, echo Plowden's. "To review the nature and extent of our overseas interests and requirements and in the light of that review to make recommendations on the most suitable, effective, and economic means of representing and promoting those interests both at home and overseas."

Looking back, it can be seen that, although both Plowden and Duncan acknowledged Britain's decline, they failed to appreciate its extent. In this they were perhaps more in tune with the government of the day than with outside opinion or even the Foreign Office itself. The British people, said Plowden, "share Sir Winston Churchill's view that Britain should not be content to be 'relegated to a lame and minor role in the world'... it is in the general interest that Bri-

tain's voice should continue to be heard and to carry weight in the world." This was an assumption which may have been shared by Mr. Macmillan and Mr. Harold Wilson, but it had no basis of fact in the report. It was a piece of political rhetoric, colouring the whole findings.

Even Duncan, reporting in more chastened circumstances, was not much better. Britain, it said in a distinctly ambiguous phrase, is nowadays "a major power of the second order." We believe... that her international future will be qualitatively as distinguished as her past. Then, in a celebrated metaphor, the report went on: "If Britain may be compared to a man who decides that his requirements no longer justify the upkeep of a Rolls-Royce, the choice lies between replacing it by a smaller car of high quality or a lower quality car of the same size. We are sure that the former option is to be preferred." In other words, it was encouraging the sort of illusion about British superiority which it ought to have sought to dispel. Sir Kenneth Berrill may be different, but his political masters—Mr. Wilson and Mr. Callaghan—are the same, and there has been nothing in Mr. Callaghan's conduct of foreign policy so far to suggest that he has learned the lesson.

It may seem strange in the present climate of opinion, but Plowden was more about expanding the service and improving conditions than contraction and economies. Despite the fact that the ratio of applicants to successful candidates for the Foreign Service in 1962 was 17 to 1, it suggested that non-Oxbridge graduates were just as likely to be deterred by the "misères" of Foreign Service life as attracted by its supposed "glories."

Plowden set about making up for this and produced something of a diplomats' charter, though many of the benefits conferred have been subse-

quently eroded by the Treasury and inflation. It proposed a manpower reserve of some 10 per cent to reduce the pressure of overwork. It gave a glowing account of the benefits of diplomatic entertaining. It saw the case for a modest increase in the number of attaches from other Ministries in posts abroad. There was a case too, it said, for giving some of the air attaches their own aircraft. Above all, it endorsed itself to diplomats by its recommendations, which were accepted, on raising allowances for school fees.

### Conditions of service

The Duncan Report commented later that Plowden had had two major consequences. One was the creation of satisfactory conditions of service. The other was the establishment of the unified Diplomatic Service, composed of the old Foreign Service, the old Commonwealth Service and the old Trade Commissioner Service. In 1968, again on Plowden's recommendation, the Commonwealth Relations Office and the Foreign Office were merged to produce the Foreign and Commonwealth Office which exists to-day. "These are the foundations," said Duncan, "upon which to build for the future."

The starting point was clear enough: "Britain has hitherto needed, for a variety of reasons, something comparable to (though smaller than) the American scale of representation. In future she is likely to need something not differing significantly in size from French or German representation overseas." There was the implicit recognition that Britain had become a power like France or the Federal Republic, and, indeed, the terms of reference actually said that the comparison should be made. The report claims to have done this, but does not produce the evidence. In fact, the failure to publish evidence of any kind

is one of the serious drawbacks of this kind of report: it places a heavy premium on the judgment of the authors and the outsider is asked to accept that judgment without adequate information.

With or without the information, however, the judgment of Duncan was regarded as eccentric by the British Government. The report proposed dividing the world into inner and outer areas. The inner area or "Area of Concentration" was to be composed of the "advanced industrial democracies with which we are likely to be increasingly involved to the point where none of us will be able to conduct our domestic policies efficiently without constant reference to each other." That was in essence Western Europe and North America, though it was acknowledged there were a few key countries elsewhere, such as Australia and Japan. The outer area was the rest of the world.

The "New Diplomacy," as it was called, would concentrate on the inner area and would involve a much wider range of contacts—in economic and social affairs, for example—than the traditional diplomacy. These were, after all, the nations which together would take the major decisions on commercial and economic issues. The outer area, meanwhile, would have subdivisions: the Soviet bloc would require more attention than such countries tactfully named as Ruritania and Barataria, some of which would require no permanent attention at all. A distinction was also drawn between a "selective" and a "comprehensive" mission. The selective mission would not have to play the same sort of role as (say) the British Embassy in France, but would concentrate on identified British interests: it could be run by a minimum diplomatic staff of three.

These proposals were not accepted. They implied a deliberate downgrading of the Commonwealth and, indeed, of

the third world as a whole. The third world, it may be, they totally failed to take into account the rise of oil power and, of potentially attractive in unexpected areas, they suspected that the ree they were rejected was British Government was ready for such a re-ordering of its overseas station. It is not instance, that the Go has shown little sign of ing two other semi controversial proposals should be prepared a "less detailed informat countries of important and "less informat kind about other cou

### A form of flattery

Yet there comes a point where the very existence of service itself broadens. If there is a man in U sending very able po ports, there is a tender him, however inap Government may be on his information. I a British labour Aha, it is necessary work for him. If n Secretary has the re make a detailed stat the situation anywhe world, he will contr asked to do so. The coas serves to perpe belief in the British role and influence. worse, it encourages to share it and that of flattery which n Government has yet to resist.

The real question answered, and to w hopes Sir Kenneth will attention, is how Fr Germany seem to do better with services work for him. Perhaps it is because they are sm freer to concentrate defined tasks. Unfo there is no sign in the reference that the Go admits that others do

## MEN AND MATTERS

### Closing the overdue

The single ring on the Lutine Bell at 9.30 yesterday morning not only signalled official acceptance by Lloyd's of the sinking of the super tanker Berge Ispra, it also marked the formal closure of the little-known "overdue" market as far as that particular ship was concerned.

The overdue market dates back to the early days of Lloyd's and the sailing ship era. It allows underwriters to lay off against potential losses on claims—at a discount of course—even after the possibility of loss or casualty has been announced, but before the final outcome is known.

Though Lloyd's would clearly not be keen on any gambling connotation, the closest analogy to the overdue market is racegoers laying off bets when the race has finished, but there has been a photo-finish and the bookies are offering odds on the result of that. It is this after-the-event nature of the market that distinguishes the overdue market from normal re-insurance procedures to spread a major risk.

Although an important market, still in certain cases, the overdue market is much less prominent now than it was in the early days. In the sailing ship era vessels subject to the vagaries of the weather were posted missing far more frequently than they are today, but often turned up in the end. Even today a high proportion of the considerably fewer ships posted as overdue do arrive safely. Prior to the Berge Ispra the Lutine Bell has only been struck with a single ring twice since the war: while the four main ships posted overdue between March 1973 and January 1975, have been turned up (bringing a ring on the bell in each case), at the top would be one of the



"So what, I've managed it for years!"

Another reason for the diminishing overdue market is improved communications. In the past delays of months were not uncommon, but within ten days of the last report of the Berge Ispra (December 29) the overdue market had dried up as conviction grew that she had been lost, and it appears that the last premiums accepted were a formidable 60 per cent, or so. The market's main function today is to enable underwriters to spread other ex post facto marine risks such as vessels stranded, or reported to be in distress on the high seas.

### Rank prospect

If Bridon chief executive Harry Smith does move up from his role as non-executive director at Rank to become Sir John Davis's replacement as chairman of Rank Organisation, then to say that the group will be subject to a contrasting change rings on the bell in each case), at the top would be one of the

year's understatements. The two men differ personally as well as in management style, with Smith quiet in comparison to the flamboyant Davis, and his management ideas—at least as exhibited at Bridon—laying heavy emphasis on decentralised control.

Smith has been associated with British Ropes, as it used to be called, all his life through family links, and joined the company in 1947. When he became managing director in 1953 the group's turnover was just £20m., so he has seen it grow 11-fold as he pieced together a wide-ranging international group which was restructured as Bridon in 1974.

Many Government doings may be viewed with distrust or worse in Scotland at the moment, but there seems to be agreement that the month-old Scottish Development Agency starts life with a genuine fund of goodwill. "It should and can and will work," declared Lewis Robertson, who was announced yesterday as the SDA's chief executive.

### Robertson's SDA switch

Since 1971, he has been chief executive of the Grampian Holdings conglomerate. Robertson has concentrated there on developing strong financial control from the small (two dozen people all told) Glasgow head office while leaving bosses of the individual companies

north and south of the border alone to make good in their own industries.

Though he has had a fair number of public jobs, including chairmanship of the Scottish Arts Council and membership of the Monopolies Commission, as well as being on the SDA's organising committee, Robertson looked committed primarily to the private sector. There were 199 applicants for the job of running the SDA; Robertson said he did not apply; and he is not doing it for the money. His Grampian salary was £24,000 a year and he will get £18,000 at the SDA.

So why was he persuaded? The agency will have a budget over five years of £200m., money, in Robertson's view, to build a new bridge between private enterprise and the Government. "This is a case," he went on, "of the public side trying to help as distinct from trying to interfere." As to allocation of the funds, initial efforts will go towards cleaning up those industrially blighted areas which abound in Scotland. Long-term job creation is the ultimate remit, and that is going to mean concentrating on the traditional industrial areas as the SDA sees the new industries like oil quite able to fend unaided.

The SDA recognised that it needed to find a chief executive smartly: now that problem faces Grampian, where Robertson retains responsibility until a successor is found.

### Name game

I note in passing the formation of the Society of Conservative Accountants. To avoid all confusion may I suggest it re-christens itself the Society of conservative Conservative Accountants.

Observer



Twin focal points for the debate on Britain's diplomatic expenditure, the Treasury (left) and the Foreign Office (right).

## FIGHT BACK AGAINST CANCER

It is good to remember that most people live their lives untouched by any form of cancer. But as too many are aware, cancer is something that casts its shadow far beyond those it directly affects. That is why so many people think it right to help the



# Electoral sums in the GLC's budget



The protagonists: Sir Reginald Goodwin (left) Leader of the GLC, and Mr. Horace Cutler, Leader of the Tory opposition.

NOW THAT our political leaders have for the time being been brought into line with the 1974 Parliamentary constituencies, they could do worse than to set up in other parts of the country. A "let the people decide" campaign would suit them: will my constituents do better if the elections are held on May 6, as under existing law they must be, or will I be wiser to go for a postponement until the same time next year?

There is little doubt about the preferences of the local London politicians. On the Labour side it is taken for granted that the postponement, which requires an affirmative resolution of both Houses of Parliament, will be enforced, just as soon as me is found for the debate. In the Conservative side, Mr. Horace Cutler, leader of the GLC opposition, is presumably anxious to have the necessary order overturned—if not in the Commons, then in the Lords—so that he and his colleagues may try to win back London this year.

As for Mrs. Margaret Thatcher, her immediate colleagues, a choice may be extremely difficult. If a "let the people decide" crusade did by some unlikely combination of events result in a defeat for the postponement order, the Tories might well place to capture control of the GLC, his would boost the standing of the Party, and its national leader, in advance of any forthcoming General Election. It would, however, be flawed, the first indication that there could be a postponement of the 1978 GLC election was given by the last Conservative Government in 1973, when it was announced that elections to the

## Absurdity

From the point of view of anyone who cares about the fortunes of the country, as opposed to the fortunes of its politicians, the answer is to any passing interest; in any event one person's guess is as good as another's. What is important is that when it is seen that the matter of who shall control the City's government is being decided by the kind of calculation that I have outlined above, the absurdity of the very existence of the GLC is once more made manifest.

Some defenders of County Hall will protest that such a remark is most unfair. After all, they will say, the precept

on the rates will not be increased this year. Coming after last year's 80 per cent increase, it will be argued, this is an achievement that should be acknowledged. After last year's widespread criticism of the GLC (a little bit of which appeared in this column) the right thing to do, surely, is to recognise that the Council has done its best in difficult circumstances. The cheers of the populace have been earned. It may be thought in County Hall when will they be heard?

The answer to this would be available if there was to be an early election in which the national attitude to the parties played no part. But can it be doubted that when 32 London constituencies vote—the vote for Parliament or the GLC—the verdict will be heavily influenced by the standing of Mr. Wilson's Administration and Mrs. Thatcher's Opposition in

the country as a whole? The steadiness of the rate, or the accompanying increase in fares, rents, and charges, are in practice hardly subject to the direct verdict of those who pay for the GLC's policies; this is why the entire merchandise is by definition anachronistic and inefficient.

Yet it must be said that the men in charge of this monstrosity have done better this year than in the years before that. The Labour "moderates" have wrestled control from the wild spenders. The better officers in the senior staff have been listened to. The mood has perceptibly changed: some people are now counting before they spend—at least in some departments. Mr. M. P. Stone, the "Comptroller of Financial Services," is obviously a man of great ability, in spite of his ridiculous title. The figures tell some of the

story. Leaving aside the Inner London Education Authority (which is a different beast), the current account expenditure of the GLC is most conveniently divided into three parts. Take 1973, Labour took over the GLC, having made an election promise not to increase fares.

In mid-1974 it had to turn in panic to the Government for help. It was given a subsidy of £53m. to which it added £52m. (£12m. of which was accounted for by free travel for pensioners). That was last year. For the 1976-77 financial year the Government subsidy is down to £36m.—and the GLC subsidy is to be increased to £63m., which for those who will swallow their figures that way

is "constant in real terms." As every Londoner knows, none of this has saved fares. They increased by 36 per cent. last March and by a further 26 per cent in November. They will go up yet another 25 per cent this summer: a cumulative total of 114.2 per cent in not much more than a year. Naturally, passengers are being put off. The service may never recover from the fares standstill of 1973-74. As seen, quite rightly, in County Hall, the issue is no longer fare-payers versus rate and taxpayers—but the real level of the service next year.

the key, and a cheque for departure of an employee saves a multiple of his or her salary—and most of all if it is an architect who goes. It is the history I have just recited that is important, not the rates. Those who have reined in—albeit too late—on fares subsidies and in general administration deserve the highest praise, and must be hoped that they get it. But, as the figures show, none of this absolves the GLC from its proper future: abolition and replacement by a slimmer, more manageable council, minus the vast housing albatross.

Debt charges have little to do with the loss on management and maintenance, although they are a burden. Because ancient debts at low rates of interest are still being rolled over, the GLC's pool rate of interest—up from 7.34 per cent in 1973-74 to an estimated 10.28 per cent in the forthcoming financial year—will continue to rise for a year or two yet. Its total debt will be up by £250m. at the end of March, to £2,090m. from last year's £1,840m., but since this follows a genuine cut in its borrowing programme (of £102m. in the current year) credit must be given for its relative restraint.

There has also been some restraint in directly-run services, on which spending has been cut (in "real terms," mind) in preparation for the coming budget. This is attributed partly to the psychological effect on the staff of the capital cuts and the heavy internal propaganda of the Council, and partly to a standstill on recruiting which reduced the payroll by 1,175 between July and December last year (a roll that until then was, believe it or not, still increasing). This 3.4 per cent, however, has been rough and ready; the method is to allow no replacement until the department becomes unbearably short of staff. The Council finds that the going for 1977 anyway.

As for the rates "standstill," the arithmetic shows that net rate-borne spending is up from £227m. to £233m. between last year's budget and the one being prepared. But last year the Council needed £34m. to pay off the previous year's debt; this year there will be a £10m. or so surplus. A total of £38m. was put against contingencies and contributions to capital fund last year; this year it will be £38m. Last year the Council looked inflation in the eye; this year it is, reasonably enough, acting on the assumption that the Government's forecast will come true—there is little option because neither fares nor rents could be raised much further, so if a "realistic" figure was put in for inflation this year it would all go on the rates, which would mean another 80 per cent increase. If they had done that, the Labour GLC councillors would certainly want the election next year: as it is they are, in their own minds, gambling on a reduction in inflation and the Government's popularity and going for 1977 anyway.

Standstill. As for the rates "standstill," the arithmetic shows that net rate-borne spending is up from £227m. to £233m. between last year's budget and the one being prepared. But last year the Council needed £34m. to pay off the previous year's debt; this year there will be a £10m. or so surplus. A total of £38m. was put against contingencies and contributions to capital fund last year; this year it will be £38m. Last year the Council looked inflation in the eye; this year it is, reasonably enough, acting on the assumption that the Government's forecast will come true—there is little option because neither fares nor rents could be raised much further, so if a "realistic" figure was put in for inflation this year it would all go on the rates, which would mean another 80 per cent increase. If they had done that, the Labour GLC councillors would certainly want the election next year: as it is they are, in their own minds, gambling on a reduction in inflation and the Government's popularity and going for 1977 anyway.

## Letters to the Editor

### Bigness is badness

From Mr. A. C. L. Grear.

Sir—Your correspondence on the payments which indicate that the worst payers can be borne out by experience. Some years ago a client of mine had the misfortune as a landlord to consent to the assignment of a lease on one of his properties in which he fixed income rent (before the days of rent reviews) was required to be paid by the lease contract quarterly in advance on 10 usual quarter days. On application being made to the witnesses, the matter was referred to their head office who replied: "We do not care at the lease contract says, we are an important company and we pay our rents once a year or then not in advance." The landlord lost his quarterly sums in favour of an annual sum paid in arrears on the 1st of the month. This was common practice for hundreds of other landlords who agreed to lettings or assignments in similar circumstances.

Apartment from acting outside a contractual obligation, this sort financial therapy on the part of big companies appears to be done by the revenue authorities. The huge bank balances to which Mr. Anderson refers in his companies' balance sheets are quite often accompanied by substantial amounts owed to the bank. The pattern is an odd one and one to call for some sort of action from our parliamentarians. Since the Eton Report on the Small Firms Bill was presented in late 1971, successive Governments have done little service to the needs of small business whilst ignoring the penalties they suffer being small. The financing of late paying muscle exercised by some (but not large companies appears to be some backing in terms of vital Gearing Tax. A company in a large company is a small company in a large company. Small organisation and member company components can, on a per organisation of its affairs, and the payment of capital in terms, rollover and that loss of funds. This state of affairs is not open to the small firms.

It is not high time that some entive be given to small firms redressing the balance in the times enjoyed by big companies in favour of a scheme are small firms can enjoy a ger credit facility whilst large powerful firms with adequate surces should be asked to use their credit periods? C. L. Grear, 14 Harley Street, W.1.

### Tackling credit

From Mr. Martin Simons. Sir—I congratulate Mr. Rhys on his interesting, thought-provoking article "Tackling credit" (January 9). The subject of credit terms and credit control are of particular importance in the U.K. because of our high rate of inflation. The built point in favour of used credit arrangements is that funds locked up in working capital cannot be used to meet fixed asset expenditure. Investment in debtors will hit the impact of inflation on manufacturing industry and prove profitability which in a will encourage capital expenditure. Prompt payment for goods and services will of particular help to industries which process expensive materials.

heavily on trade credit it means, conversely, that the debtor period for some other concern becomes seriously lengthened. I want to plead for a more professional assessment of the potential of debtors in the first place. This means that a credit manager must not only look at figures but should also consider himself with a far wider range of commercial and industrial affairs which take him closer to the market place than his colleagues the qualified accountant/financial director. After all, a trade debtor is a borrower and if our top banks were to look solely at balance sheet figures when they reached their lending decisions our banking sector would have collapsed long before now.

So in addition to the financial strength of the trade debtor we want to know the depth of the market in which he operates, his competitive position within that market, his business and financial reputation, the respect for his products, the standard of his management and ultimately the way in which he will be able to fund his debt—which does not mean merely by placing a copy of his own books against trade debtors.

This is not as frightening as it may sound. A trained credit manager can conduct a risk analysis of this sort and at a cost far less than the forced loans which many industrial concerns are now having to make to their trade debtors. Risk analysis and credit management are a part of the science of banking which should not be confined to banks but to which all businesses should have recourse if we are all to play our part in striving for optimum business efficiency hand in hand with a lessening of the rate of inflation which feeds on the type of pricing policies based on over-long credit terms. R. F. Coyle, Friars Close, Shenfield, Brentwood, Essex.

### No advice service

From the Secretary-General, Life Offices' Association.

Sir—I would refer to the comments made in your column Men and Matters (January 15) on the Consumer Credit Act, in particular the reference to The Life Offices' Association. The interpretations of the provisions of the Consumer Credit Act currently being made must ultimately be determined by judicial interpretation. I must refuse, however, any impression that The Life Offices' Association provides an advisory service relating to the particular financial requirements of an individual. Letters from policyholders are, of course, handled in conjunction with the member office involved but it seems unlikely that this form of complaints procedure could be restricted under the terms of the Consumer Credit Act, making the obtaining of a licence necessary. Michael Oppé, Aldermore House, Queen Street, London, E.C.4.

### The wages from living in sin

From Mr. Richard Harris. Sir—Mrs. Rowena Mills (January 16) has a very valid point when she complains about husbands being taxed on their wives' investment earnings. It is certainly a very great anomaly that if a couple, each of whom has a wholly investment income of £576 a year live together in

## GENERAL

Provisional unemployment figures and unfilled vacancies for January issued. ESC Foreign Ministers and two-day meeting, Brussels. Dr. Henry Kissinger, U.S. Secretary of State, arrives in Moscow to discuss outstanding issues in strategic arms limitation talks. CBI and Retail Consortium meet. Mrs. Shirley Williams, Prices Secretary, on Government plan to limit certain price increases. Mr. Alex Eadie, Under-Secretary of State, Energy, gives evidence on safety of nuclear installations to Select Committee on European Secondary Legislation, House of Commons. Mrs. Shirley Williams attends

## To-day's Events

NFU annual dinner, London Hilton, W.1. Thanking service for Mr. Michael Marriott, former Stock Exchange chairman. St. Michael's, Cornhill, E.C.2, 12 noon. Mr. Peter Parker, chairman, Lawway Day Group, addresses Institute of Bankers on "The City and Industry—the Missing Links", 10, Lombard Street, E.C.4, 3.30 p.m. Mr. Dominick Harrod, BBC economics correspondent, speaks on "Money and Morality", St. Andrew's, 11.15 p.m. Iron and Steel Trades Confederation executive meets to decide on its reply to BSC's plan to cut labour costs. CBI financial policy committee meets, London. PARLIAMENTARY BUSINESS. House of Commons: Post Office (Banking Services) Bill, second reading. Trade Union and Labour Relations (Amendment) Bill, committee stage, which will be taken formally. Motion on Restrictive Trade Practices (Services) Order. House of Lords: Fatal Accidents and Sudden Death Enquiry (Scotland) Bill, report stage. European Communities (Definition of Treaties) Order 1973. Debates on 11th report on budgetary powers of European Parliament and on White Paper on developments in EEC from April to October 1973.

COMPANY MEETINGS. Buss Charrington, Grosvenor House, W.1. M&P, Dorchester Hotel, W.1, 12.

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# COMPANY NEWS + COMMENT

## Status Discount recovers to £366,801

IN THE second-half of 1974-75 Status Discount achieved a profit of £271,801 bringing the total for the year ended November 30, 1975, up to £366,801 compared with a loss of £262,874 for 1973-74 and with a record profit of £1.3m. for the year before.

At the interim stage the directors said that the year so far had been one of consolidation and that the only stores opening were those to which the company was previously committed. They expected the gradual improvement in the group's position to continue through the second half and that the year's results would be appreciably better than those of 1973-74.

Sales of surplus properties in 1974-75 resulted in losses of £53,380. In the light of the current property market, provision has been made to cover all anticipated losses which may arise on other surplus properties yet to be realised.

In view of these losses the directors are unable to recommend a dividend—the last payment totalled 4.2p in respect of 1972-73.

Efforts continued throughout 1975 to dispose of surplus space within the trading stores and by the year-end this had been achieved, the directors state.

Considerable progress has been made in the re-organising of most of the group's products, management and administrative structure has been re-organised and reduced resulting in a more efficient and effective control of the business in addition to a substantial reduction in overheads.

The directors feel that the progress achieved in 1975 will continue and are confident that the company is better equipped than ever before to take advantage of any upturn in the economy.

**Comment**  
Status Discount has produced a £400,000 pre-tax turnover into profits but is not yet entirely out of the wood. A 12 per cent. improvement in operating profits is more than accounted for by an increase of £150,000 in rental income, following the letting of surplus space, so profits from the on-going decorative products side (about 80 per cent. of turnover) have been under pressure.

The change to high-margin over-brand paint products brought a drop in volume, and the change of suppliers led to a reduction in credit limits (of about £280,000), which has extended the benefits of stock reductions and left borrowings virtually unchanged at £2m. Own-brand kitchen furniture is the key to current growth and some £100,000 in rate savings are anticipated this year; but pre-tax profits of at least £1m. (or growth of over a third) would be needed to justify a share price of 35p, where the market capitalisation is £1.6m.

**FOSECO MINSEP**  
Foseco Minsep has established a new Dutch holding company with a paid-up capital of Fls-52m. to be allowing the group to avoid

INDEX TO COMPANY HIGHLIGHTS					
Company	Page	Col.	Company	Page	Col.
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Continuum Stationery	18	7	London Merchants Secs.	19	1
Donaldson Textiles	18	7	Martin the Newsagent	20	1
Epicure Holdings	18	7	Meggitt Holdings	18	8
Gt. Northern Invest.	18	3	Nottingham Brick	19	1
Guinness Peat	19	3	Restmor Group	18	4
Howard Shuttering	18	2	Status Discount	18	1
Irish Intercontinental	19	2	Trizec	18	6
Jamaica Sugar	18	2	Whitehouse (George)	18	3

which is to act as a holding company for its operations outside the U.K.

The new company, Foseco Minsep BV, will simplify the group's financial structure and will be better placed to raise new funds for expansion.

The Dutch holding company is a well-known tax planning device.

**Jamaica Sugar upsurge**  
A SUBSTANTIAL increase in profit for the year ended September 30, 1975, is reported by Jamaica Sugar Estates. Unaudited, it is over £350,000, compared with £22,000 the year before.

An interim dividend of 2.5p gross per 25p is declared. And if the profits remain substantially unaltered after the audit, the directors intend to recommend a final of at least 1.5p.

The last dividend was 1.25p in respect of 1963-64.

**Upturn at Howard Shuttering**  
IN THE six months ended October 31, 1975 profits of Howard Shuttering (Holdings), increased from £115,884 to £184,730, and earnings per 10p share are stated to be up from 2p to 3.1p.

The interim dividend is stepped up from 0.475p net to 0.7p—the total for the year ended April 30, 1975 was 1.2875p paid from profits of £304,703.

Turnover for the six months expanded from £1,070m. to £1.4m. After tax of £96,500 (£80,436), the net profit emerges at £28,230 compared with £35,448.

**Comment**  
A switch of manufacturing emphasis from pre-fabricated formwork to more profitable concrete structures has, together with the benefits of a particularly dry summer, helped to push Howard Shuttering's first-half profits 80 per cent. higher on a profit 31 per cent. rise in turnover.

This change in direction appears to be allowing the group to avoid

the main effects of the construction industry's current depression, and Howard is now trying to diversify further by moving into the estate development sector. The land purchases relating to this venture have caused some reduction in the group's cash resources (£182,000 in the last balance sheet, against nil borrowings) but the finance position is still strong. The group therefore looks better placed than many other small construction companies to survive the present difficulties and, even though the second six months, which will compare with a much more buoyant period, could well show some downturn, the shares at 27 1/2p, yielding a maximum 8 per cent., look reasonably well supported.

**Great Northern Trust**  
GROSS REVENUE of Great Northern Investment Trust is unchanged at £2.9m. during the year ended November 30, 1975 and profit, before tax, increased from £2,743,235 to £2,802,662 after £1,478,708, compared with £1,454,681 in the first half.

Earnings at year-end are shown to be down from 3.55p to 3.45p per 25p share and dividends are up from 3.06p to 3.24p net, with an increased final of 2.25p (3.1p). Net asset value per share is 106p (55p).

**Confidence at George Whitehouse**  
The chairman of George Whitehouse (Engineering), Mr. N. Whitehouse says he is confident of the company's future and that work to consolidate and strengthen its trading position is being actively pursued.

He declares that the group is very soundly based and is in a good position to weather the economic storm and take full advantage of any upturn when this takes place.

As reported on November 10 pre-tax profit for the year to June ended 1975 improved from £65,449 to £127,030. The dividend is lifted from 0.35p to 0.375p net.

Mr. Whitehouse states that in the second half year, profits declined owing to the worsening economic climate. Appropriate action was and continues to be taken to reduce the costs and capital employed in line with falling turnover and margins in both the engineering and motor trade divisions. The directors consider that the protection of the company's liquid resources, in to-day's trading situation, is as important as profitability.

**Restmor well down at halfway**  
REFLECTING the influence of the present state of the economy and a continuing decline in the birth rate, profits of Restmor Group, makers of baby carriages and nursery furniture and a major supplier to Mothercare, fell sharply from £239,338 to £146,372 in the six months ended October 31, 1975.

The directors say that they are taking appropriate action to meet the changing pattern in the industry by exploiting the potential market for its products. The net interim dividend is 0.5125p compared with 0.5375p—equal to an unchanged 1.25p gross. Cost of the interim is £13,972. For the year ended April 30, 1975, a total of 3.9865p was paid from profits of £480,507.

**Comment**  
Apart from £30,000-worth of push-chair sales to Japan and hopes for more orders from this new market, there was little to brighten Restmor's trading and profit picture over the first six months. Margins came under increasing pressure as a result of a static turnover position leaving profits some 58 per cent. lower.

The group blames inflation and the falling birth rate for its problems. But it also seems inevitable that parents with new babies will make do with second-hand nursery equipment at a time when domestic budgets are under pressure. And with little prospect of this situation changing for some time to come, there will continue to be little room for companies in this business to manoeuvre prices to compensate for inflation. Restmor's shares at 50p offer a yield of 12.5 per cent. over the 12 months until last October, covered nearly 2.5 times. Earnings per share are 9.15p on the year.

**Imperial Life of Canada**  
New annual premiums in respect of life, health and group insurance issued in Great Britain by Imperial Life Assurance of Canada during 1975, represented a record for the company, with the total of £3.29m. more than



Lord Kissin, executive chairman of Guinness Peat, who reports that the group came through 1975 satisfactorily.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current dividend	Total dividend	Total dividend
Restmor	0.51	Mar. 12	0.54	—	3.97
Continuum Stationery	0.7	Apr. 7	0.7	—	2.1
Alexanders Discount	0.17	Apr. 1	0.17	11.87	10.83
Guinness Peat	2.22	Mar. 25	2.1	3.24	3.06
Great Northern Trust	2.2	Mar. 5	2	—	7.62
Howard Shuttering	0.7	Mar. 1	0.48	—	2.0
Jamaica Sugar	2.5(b)	Mar. 18	Nil	—	Nil
LMS	0.98	Mar. 5	0.93	0.98	0.92
Meggitt Holdings	0.16	Apr. 2	0.17	0.33	0.33

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. (a) On capital increased by conversions. (b) Gross throughout.

29 per cent. above the same figure for last year.

New annual and single premiums in respect of unit linked plans, together with new single premium life annuities, yielded a further total of £489,718.

**£0.49m. seen by Atlantic Shipping**  
Income from investments for the nine months to December 31, 1975, at Atlantic Shipping and Trading is "slightly higher" than the same period of the previous year but interest on short-term deposits is running at a lower level, report the directors.

They anticipate that profit for the full year will show little variation from 1974-75's £491,429 and that the dividend will be maintained at 14.5p net.

Since the year end, the company has entered an agreement to sell properties worth around £100m. to Brambles Consolidated Developments.

**Winding-up orders**  
Orders for the compulsory winding-up of 46 companies were made by Mr. Justice Brightman in the High Court yesterday. They were:

Argentine Reductions (U.K.), Larkfold Holdings, Sawmill Research, Unifactors, J. Arthur's Restaurant, Desread, Filbuster Films, J. and P.K. Hotels, Niream, Peter Newton and Company, Tag Transport, Richard Norman Security, Electrophoresis Instrument Company, Sylvania, C. and D. Builders (Kingsbury 1973), Centre, A. Moreau and J. Heron Company, Metropolis Hotels (Kensington), Leisurebuild, German Auto Parts, McCleave and Yood, B. and J. Building Company, Southwood and Squibb, Naeff, Builders, Lovera, Britcrest Haulage, Truteams (Sales), Sheridan Pine and Co., Marshfield Property Company, 37 Romilly Street, Genderson, J. H. Call Supplies, Coleford Transport, Dero (Florists), N. G. Merchant, Dawrux, Fineworld, Crazy Stores, Padden, Jobbin (Caters), Sheldon Builders (1973), Darius Design, Greenlees Farms, Blythford, E. J. Wilkinson (Butchers) and Southern Yacht (Builders).

**Rescindations**  
An order made on January 12 for the compulsory winding-up of Caversham Publishing Company was rescinded by consent and the petition against the company dismissed.

An order, also on January 12, for the compulsory winding-up of L. Burton and Son was rescinded by consent and the petition against the company dismissed.

## Drop at Continuum Stationery midway

A SHARP drop in pre-tax profit from £239,338 to £146,372 is announced by Continuum Stationery for the six months to September 30, 1975.

In his annual statement in August last year, the chairman, Mr. G. C. Lansdown reported "substantially lower" activity in the new financial year and indications then were that the company, which prints computer stationery, could not look forward to a performance comparable with 1974. In that year profit was £438,913.

He says now that despite the current economic uncertainty and general gloom, he is "cautiously optimistic" that profits in the second half will certainly equal, if not exceed, those in the first.

The interim dividend is being kept at 0.7p net per 10p share—last year's final was 1.41p.

Half year 1975 1974  
Turnover £239,338 £146,372  
Pre-tax profit 239,338 146,372  
Tax 27,387 17,288  
Net profit 211,951 129,084

The chairman describes the first half result as "reasonable". Every endeavour has been made to capture a larger percentage of a very depressed market, he adds. The 12 per cent. fall in turnover has had a "disproportionate effect on the net profit as fixed costs are almost inelastic in the manufacturing industry."

**Bomb threat hits Epicure turnover**  
For the future at Epicure Holdings, it is difficult to be optimistic as long as the present atmosphere of recession continues, even if the rising trend of operating expenses can be reduced to more reasonable levels, states the chairman, Mr. R. D. Guthrie.

Referring to the series of bomb attacks at West End of London, he says that precautions have been taken but while the threat of these attacks continues, turnover at West End establishments cannot be expected to return to more normal levels.

He advises that two subsidiaries have been sold—Mario Gallati Ltd. and Chardall Provisions. The rebuilding programme at Lincoln has been completed and he says that expenditure incurred has already been justified by increased revenue from the new rooms available.

The accounts show that fixed assets at year-end rose by about £20,000 to £1.3m. and the bank overdraft shows a rise from £28,000 to £287,000. Mr. Guthrie says that this increase, which largely represents building costs at Lincoln, has been "substantially reduced" since the year end.

As known, pre-tax profit declined from £17,967 to £16,109 during the year to June 30, 1975. There is no dividend payment, compared with a 0.0858p net interim the previous year.

December 31, 1975, Estates House Investment Trust held £3.99m. 3p shares.

Meeting: 111, Jermyn Street, SW, February 16 at 10.30 a.m.

**Donaldson Textiles**  
Donaldson Textiles incurred a pre-tax loss of £94,335 in the first half of 1975, compared with a profit of £90,068. For the full year 1974 there was a profit of £150,486 after crediting £20,476 from investment grants accounts.

**£1M. EXTENSIVE AT WEETABIX**  
The Government has granted industrial development aid to the Weetabix breakfast company for a £1m. extension of its factory at Burton Lat to 130 new jobs will be created.

**NEW PLANT GARMENT GR**  
J. and J. Fashion, a clothing concern, is to open a factory at Wallasey eventually employ about 100 people. The company is a subsidiary of J. and J. Fashion Ltd. and is a subsidiary of J. and J. Fashion Ltd.

**Jove Trust to pay 3.25p**  
The directors of Jove Investment Trust indicate that the earlier forecast of a second interim dividend of 1.625p will be met, making 3.25p for the year to February 28, 1976, compared with 3.635p for 1974-75. They intend to pursue an investment policy which will enable

All these bonds having been sold, this announcement appears as a matter of record only.

December 15, 1975

NEW ISSUE

PROVINCE OF NEWFOUNDLAND (Canada)

30,000,000 Canadian Dollars

10 1/4 per cent. 1975-1985 Bonds

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20th January, 1976.

البريد الإلكتروني



## LMS improvement to £2m. in first six months

**L**INE with expectations, profits and securities. Securities expanded from 17,46m to 22,09m, the half year to September 30, 75, subject to a tax of 20.91m, compared with 12.24m. These figures are reduced borrowings, and interest is 14.6m more. All the tax from grouping. The previous year profit was 22.89m. Stated first half earnings per share are 1.05p (nil). To compare with 1.05p again on the term dividend but the full effect that results for the full year will justify a final "at least high" as 1974-75's 0.8767p net. An extraordinary item of 47,000, relating to the expenditure incurred on surrender of the 50% interest in a New York Co. has been excluded from the profit and charged to capital reserve.

See also: 1975 - 1974

gross	28,311,000	35,231,000
share payable	4,072,000	5,132,000
share payable	1,000,000	1,000,000
ratio	30,000,000	1,234,000
share payable	1,000,000	1,000,000
ratio	30,000,000	1,234,000
share payable	1,000,000	1,000,000
ratio	30,000,000	1,234,000
share payable	1,000,000	1,000,000
ratio	30,000,000	1,234,000

See Lex

## Nottingham Brick return on investment

provided: the present demand tations so that full production be maintained, results at the new Patent Brick should be a real boon to the brick capital investment industry. Mr. W. R. D. Crane, chairman of the company's new Ruffee Brick Co., said that the company "has been very extremely well received" by architects and other customers. Sales of this range are expected to be a considerable percentage of the total range of output: it is hoped, the next few months, to introduce a further range which will be a real competitor in an even more competitive position than the present range. The company is at the demand for high-quality bricks for all types of construction work, he added.

Mr. Crane said that the new range of the company to Nottingham Brick Company because the final patented process of brick manufacture is no longer applicable.

It is reported on December 9, at before tax, improved from 9,335 to 10,728 during the year ending September 30, 1934. The company's sales in the islands are up from 6.2p to 1p net. The results covered a period when the company was operating at a loss for virtually the whole time.

The statement of source and allocation of funds shows an increase in the company's funds of 3,485 (£127,033 decrease), comprising a decrease in stocks of £1,331,133 (increase), an increase in deposits of £22,000 (decrease), an increase in creditors of £55,722 (£37,944 increase) and balances of £3,807 (£136,794).

Meeting, Nottingham, February

## Fidelity Life position

dependents of Fidelity Life Insurance whose annuities for October and November have not been paid are suffering con-

## RECENT ISSUES

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last

**TO-DAY**  
Interims: Cantora, West  
Mills.  
Finnis: Associated Paper  
Midland Industries.

Interim		
Allen (W. G.) and Sons (Tipton)	Jan. 26	
Bay International	Jan. 27	
Hales Properties	Jan. 27	
Syltane	Jan. 27	
Via-Tex	Jan. 28	
Finch	Jan. 27	
Allied Manufacturing and Trading	Jan. 27	
Anglia Television	Jan. 28	
Bank Leumi (U.K.)	Jan. 21	
Capital and County Launderies	Jan. 28	
Glasgow Stockholders Trust	Feb. 8	
Glaxo and Macdonald	Feb. 8	
Mandrie and Gordon	Feb. 8	

**Guinness  
Peat  
confident**

WHILE NOT possible at this time, the directors intend to make any firm forecast of current-year results, the directors of the Guinness Peat Group report that all the companies have continued through difficult economic conditions of 1976 and prospects for continuing expansion in 1976 are encouraging.

The directors state that the available information for the year ended April 30, 1976, will justify the payment of a maximum permitted dividend of 10% on the ordinary shares in the year ended April 30, 1976. The directors also propose a special dividend of 10% on the ordinary shares for early conversion of the 8% non-cumulative loan stock which was announced in the interim dividend in April 1976. The directors also propose a special dividend of 10% on the ordinary shares for early conversion of the 8% non-cumulative loan stock which was announced in the interim dividend in April 1976. The directors also propose a special dividend of 10% on the ordinary shares for early conversion of the 8% non-cumulative loan stock which was announced in the interim dividend in April 1976.

## LONDON TRUST

London Trust Company has arranged a \$US4m. loan at variable rates of interest.

**Alexanders  
Discount  
£0.95m. net**

**AFTER CHARGES** including tax, profit of Alexanders Discount finished 1975 marginally behind from £1,019,706 to £946,157. The directors state that in a year dominated by inflation, unprecedented public sector borrowing, and a world-wide recession, the company has seen a narrowing margin on a large

## Yorks.-General cuts CTT rates

The **Yonkers-General Life Insurance Company**, the life member of the General Accident Group, is reducing the premiums on its Capital Transfer Tax policies by 20p per £1,000 cover or all except the youngest ages. These contracts are whole life, non-profit plans where the sum assured is payable on the death of husband and wife to meet the CTT liabilities that would then fall due. The reductions apply when the male is aged 41 or more. For example, the annual premium of £100 for £200,000 cover on a male aged 41 and his wife aged 36 would be £82 available until the 56th death.

## Advances at Irish Intercontinental

Total assets of Dublin-based Irish Intercontinental Bank, in which the major shareholders are the Irish State, the Anglo-Irish Assurance Corp., by 30 per cent, to £14.4m. In the second half year of trading to October 31, 1964, the bank reported a profit of £1.2m. Total deposits and money at call at year-end increased to £9.8m.

Pre-tax profit improved by 20 per cent to £133,000.

Mr. Donald McAleese, chairman, said that the bank's year-end work was "most successful". The bank "worked closely with the London discount market in discounting trade bills and granting overdraft facilities to its customers". He expected "to develop further in the future." The bank has "a number of proposals" and "a number of major overseas companies to advise them in arranging and procuring finance for their expansion."

Despite a difficult year for

# TIES

[illegible]

## FIXED INTEREST STOCKS

Year	Faid	Largest	Revenue	Rish		Mook		Choking	P
				High	Low				
1977	281	134	126			Borrowing C.C. Co. Loan 1977	1581		
1978	281	102	102			Rosen Water & Sew. Prof. 1981	1081		
1979	281	102	102			Marine Mail 7/8 Conv. 1990	1101		
1980	281	102	102			North Hutto 1/2 C. & S. 1990	1101		
1981	281	102	102			Deaton 1/2 Conv. 1980	102		
1982	281	102	102			Single 1/2 Conv. 1980	40		
1983	281	102	102			Tennex 1/2 Niering & Conv. 81-80	1241		

## "RIGHTS" OFFERS

[illegible]

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*Journal of Management Studies*, 19(1), 67-80.

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than the sum of its parts.**

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# FINANCIAL TIMES REPORT

Tuesday January 20 1976

## SECURITY PRINTING

In the war against the forger and counterfeiter there can be no let-up for the security printers. Increasing sophistication of methods and equipment provides one of the main arms of defence.

Keeping  
state  
of full  
alert

Ted Schoeters

ALL goes well, 1976 could be the year in which the first integrated currency system came to fruition. Under design by the British De La Rue group, which among other things makes 10m. notes a day, it embodies a concept that the design of notes and their sizes, the use of engraving and the physical composition of the ink, as well as other identifiers such as watermarks and metal other strips must form part of a dovetailing scheme. This simplifies the production of notes and the subsequent tailed checking and counting for dispatch. It will also—and this is particularly important—ensure that salient features which distinguish legal tender from a very remain discernible for automatic checking equipment long as possible, even when they are soiled and creased. This is no simple task, and it is taken the originators many months and a lot of research

and development effort to get within sight of success. So far as can be found out, it will be unique. Meanwhile, the task of the international bankers is not getting any easier—just before Christmas bankers came very close to success and would have got away with considerable sums but for the vigilance and wide knowledge of one of the merchant banker's senior staff.

This is an interesting development in view of the fact that many security printing companies will quietly say that, so far as they are concerned, the standard cheques from the clearing banks are not fully secure documents—but that they could very easily be made so at a cost which is negligible compared just with the capital sums spent by the banks on computers since decimalisation. Compared with the compound cost of these, of software and of running expenses, security is infinitesimal.

### Converted

This is doubtless preaching to the converted for as long as insurance costs on forgeries are not too high. However, with cheque traffic growth running at 11-12 per cent a year, whatever is done to encourage other forms of payment, including the partly disastrous direct debit approach, it is possible that losses could ultimately reach a level that would prompt a re-examination of design.

Cheques are only one of the many documents that could be made more secure. There is a mass of government, personal, security document field the need industry and other paper security tightened measures in which would benefit from the

attentions of a security printer equipped with modern equipment operating under tight control, and where admission to document design and preparation areas is strictly on a "necessity" basis. Systematised design and printing of documents which simplify collection or paying out of money for totally automated checking is a case in point. Yet some experts, such as the Robert Stockwell organisation, say that management expertise rather than technical wizardry is the key to success in printing confidential documents. Certainly the day-to-day routine puts a heavy burden on managerial staff, since the first work schedule meeting is held at 8.30 in the morning and the established pattern is thereafter revised hourly during the day to meet confidential work.

Just what "rush" can mean in the context of this industry is typified by the claim that De La Rue makes as the basis of part of its sales drive: it will deliver finished bond documents of any complexity to any destination in Europe within five days of receiving an order.

Law Stationery Society, in what is possibly the most modern works in Britain, if not in Europe, can handle a 120 page confidential Parliamentary report to 10,000 copies in 48 hours.

De La Rue, meanwhile, has gone a very long way towards solving the not so very old problem of the rash of forged air tickets which was causing serious concern to the airlines.

In another facet of the security document field the industry has taken steps to tighten measures in Britain, particularly after the



Encoding MICR sequential numbers on continuous cheques at Kenrick and Jefferson, printers to the computer industry.

bombings at certain major argument for the introduction within a year. There is no production problem, and the modern plastic EEC takes them as a matter of course, and if frontiers are to fall between the EEC countries it may well be that the identity tampered with, according to card with magnetic encoding several of the U.K. card pro- will replace the passport, at least in Europe. There is pressure on the Home Secretary at cards a day but also makes a present from more than one MP series of manufacturing units to bring in identity cards for cards and produces the veri-

fication equipment and data capture units which must be installed at points where the cards are used as a security check or to provide data for a company's operations.

### Checking

Three models of embossing/encoding machines are available, with outputs of 500 to 1,500 cards/hour. Data is fed in by magnetic tape and a most elaborate system of checking is mandatory. Alternative means of card production is by key-boarding, and there are several permutations possible including simultaneous magnetic stripe encoding, punch coding and optical character printing.

Rapid Data claims to be the leader in sophistication in this market in Europe—and it could satisfy the whole European market if need be. Interest in the work of the company has been attracted from the U.S.

Of course, people will object to having to carry identification, but there are few businesses that to-day will take a cheque without the simultaneous production of a cheque card or similar identifier. If, as many expect, bank terminals appear at stations, airports, in large stores and hotels, the use of cash cards will become much more widespread, and an identity card might be one way of making thefts involving the first card a waste of time.

One of the methods that can be used to ensure that valuable documents contain the right information and correct totals is the check digit method, a leading exponent of which in the U.K. is Kenrick and Jefferson. The firm is a major producer of secure documents systems at a centre in West Bromwich. Significantly, just now a study is being launched in the U.S. to compare various check digit systems in an attempt to define which is the most effective and also to seek patterns of numbers subject to higher error rates. It was set in motion at the end of last year by Alan Taylor of Computer World and obviously will take some considerable time to completion. Controversy continues in the U.S. as to whether the move towards earlier and earlier electronic capture of raw data and the spread of computer networks with distributed processing will reduce computer-based crime or not. The evidence tends to show that it is not. In the circumstances it hardly seems wise, even as a means of rehabilitation, to train a large number of inhabitants of a California penitentiary in advanced computer programming, though as a source of cheap labour to write software for various government jobs it must be invaluable. The wisdom of such decisions is all the more questionable when it is remembered that security printers use erstwhile forgers to assess the degree of difficulty in imitating a new product. This is just one of the ways in which they try to keep two jumps ahead of the criminal. Meanwhile, there are fervent hopes that colour copiers do not appear on the commercial market in force for many years. The existence of black and white copiers so good that it is hardly possible to distinguish between an original photograph and the copy is serious enough, simply because so many people are not very observant.

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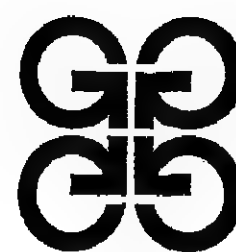
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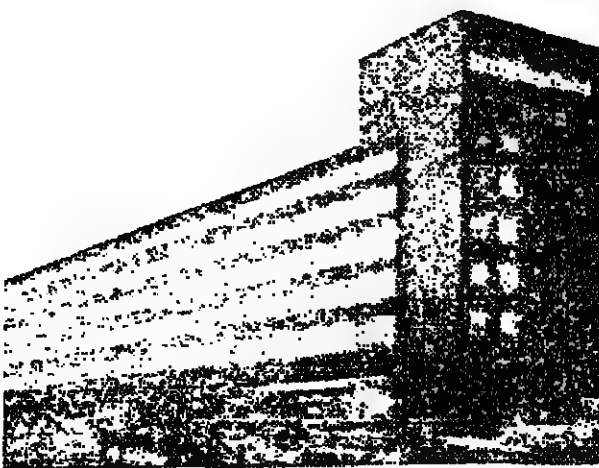
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## SECURITY PRINTING II

# The war against the forger

STATISTICS ON forgery are difficult to come by. The reasons are fairly obvious. In what is essentially a war of techniques, a veil of secrecy is drawn by the industry, the banks and the police over the innovations both of the security printers and the forgers. With the current levels of sophistication of paper production—featuring fine watermarks and incorporating fibre, plastic or metal strips—and also of printing, forgery is not an easy business. But still it goes on. "It is," a Scotland Yard spokesman said, "a cyclical business. A wave of forgeries comes on to the market. We catch the criminals and things quieten down until the next attempt crops up."

Setting aside the problems of watermarks, the mere sophistication of equipment needed to print banknotes, where sometimes three separate presses are needed to apply more than 20 different colours, would seem to be enough to put off the prospective forger. But it is not.

The intricate and finely-drawn battle going on on the back of

a £5 note beside the splendid figure of the Duke of Wellington represents something more than an exercise in either British history or fine art. More significantly, the many thousands of convoluted lines and tiny patterns, and the very fine engraving of the portraits of the Queen and the Duke of Wellington—not to mention that battle—are all part of the very necessary task of making forgery a very, very difficult task.

### Fluorescent

But what one sees when looking initially at the "five" is just a small part of the story. Hold it up to the light and two further security measures are immediately visible, the watermark of the Duke of Wellington's head and the fine silver strip which runs through the paper. In recent years other developments such as fluorescent inks, paper which reacts chemically when alterations are attempted and even micro-printing on security threads have all been developed to

make the forger's job a nightmare.

Both Scotland Yard's Counterfeit Squad and the banks—including the Bank of England, which is responsible for the design and production of all U.K. bank notes—are extremely coy about how serious a problem forgery remains. In an increasingly cashless society, where plastic money is proliferating at a great rate, it seems certain that a great many forgers are turning their criminal talents to other nefarious activities. The man with the eye shade and thick-lensed glasses hanging up pound notes to dry in some dingy back street seems to be a figure of the past. However, it is not only banknotes that are manufactured by forgers. Postal orders, travellers cheques and even tickets for big sporting events can all be worth forging, and a whole new technology to prevent the expert forger changing details on a document rather than completely forging it has had to be developed.

Watermarking has long been one of the principle security devices for banknotes, and, in

more recent times, for postal orders and other "paper" with money value. Paper is watermarked during its manufacture by the delicate pressure of a device known as a "dandy roll," which produces a mark by altering the transparency of the still-wet pulp, which is then drained, pressed and passed round a number of hot-drying cylinders.

Forgers have for many years sought ways to imitate the watermark, since they do not have the facilities to produce paper with the watermark intact. Dry-marking with spirits can be used for some designs, but these imitations tend to be sharper than the genuine watermark and easily spotted by experts. In addition, such a mark has a fairly limited life since it is a print rather than a real watermark and is also difficult to overprint.

The watermark has been in existence for some 500 years when a spate of forgeries at the beginning of the nineteenth century made the rapid development of more intricate watermarking designs necessary. The development of the

cylinder-mould and Fourdrinier machines, early in the 1800s brought watermarking forward considerably. By the middle of the century shading techniques had been more finely developed and the first of the elaborately detailed portraits which feature on most of the world's paper currency had emerged on banknotes.

### Difficult

The watermark is likely to continue to play a key role in making money and other forms of official paper highly difficult to forge, but recent years have seen other forms of technology developed to combat new problems in the field of forgery. One such new development has been the manufacture of a type of paper which foils the erasure of carbon imprints on duplicates, for example, airline tickets.

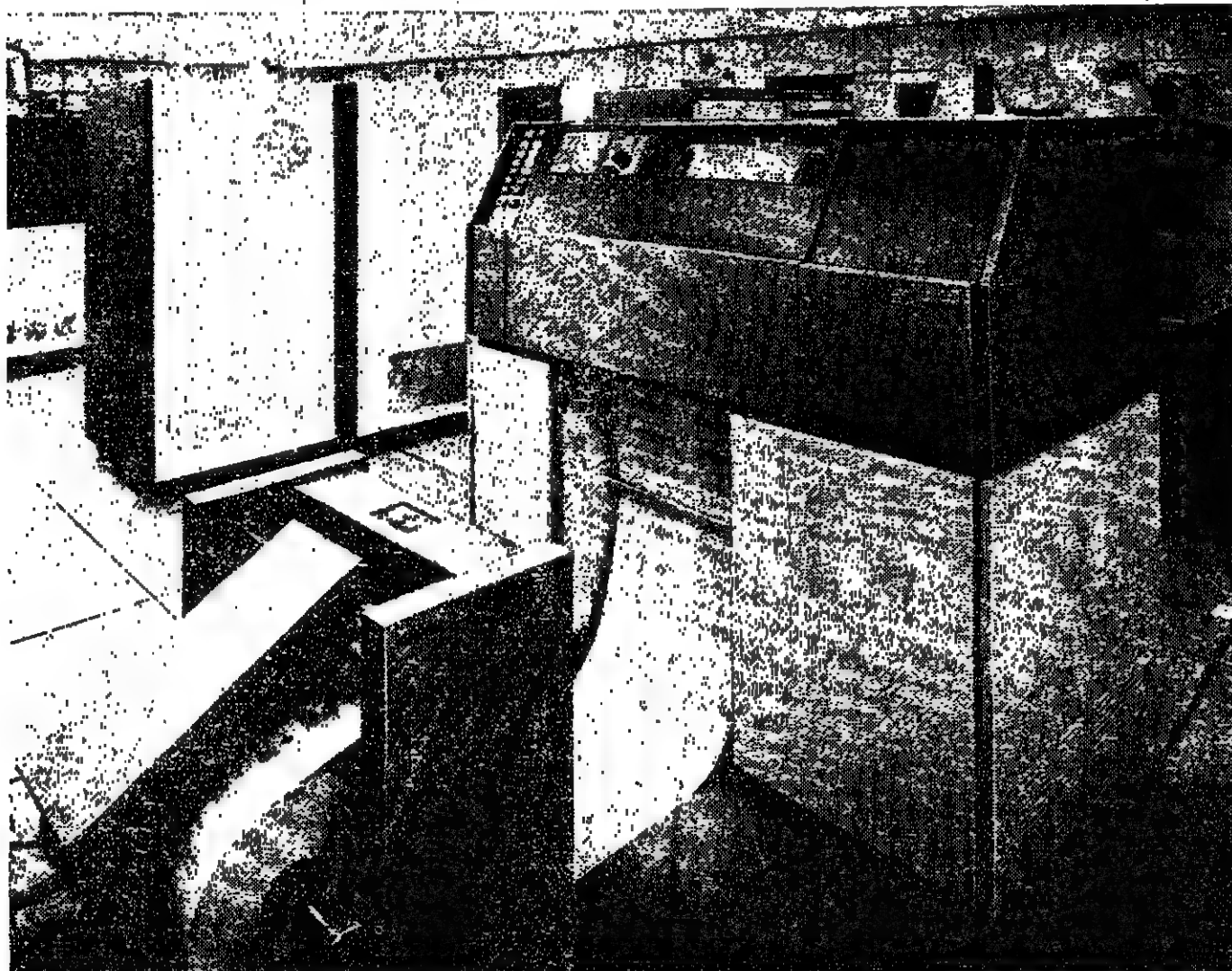
Airline tickets have been a growth area for forgers in recent years, and it is reckoned that the losses incurred by international airlines as a result of theft, forgery, fraud and counterfeiting is more than £20m. annually. Paper has now been developed which can carry a watermark but whose face is sensitised to react to chemical solvents. Any forger attempting to erase figures or lettering is

rewarded with an indelible stain which frustrates his intentions. Other developments include the increasing sophistication and intricacy of ground designs which are impossible to reproduce by erasure, or to the manufacture of inks which are not susceptible to erasure.

In the watermarking of of-to-day light effects are duce by electrotypes set to the dandy roll or cylinder mould cover, or by raising the watermark on the cylinder itself. The dark effect created by sunken embossed configurations is greater or lesser thickness of pulp which lead to the mark effect.

Nowadays, watermarks called "high security" are almost always shadowed that is, greater thickness of pulp—combined with high These highlights, because sophistication of modern inery, may be set out to very accurately on the sheet. As in the £5 note of theft, forgery, fraud and counterfeiting is more than £20m. annually. Paper has now been developed which can carry a watermark but whose face is sensitised to react to chemical solvents. Any forger attempting to erase figures or lettering is

Peter F



A drum printer used in the De La Rue SPrint system. It is used to print the personalising details on cheques and other security documents.

## Outwitting the computer expert

ALTHOUGH FRAUDS on computers have received a great deal of publicity, they really only account for a small proportion of frauds in business. It is reckoned that over half the number of accidents that occur in the computer room happen as an accident. Moreover, it is asserted that only a minute percentage (perhaps as low as 3 per cent.) of frauds happen as a result of work done by people

outside the employment of a company. The easiest way to use the computer to perpetrate a fraud is to simply bribe the computer operators (according to one of the experts in the field of computer security). So the first thing an employer should ensure as far as he is able to do so is to see that the quality of staff that he employs in the computer department is high and that they are sufficiently well remunerated that they are not easily tempted by outside bribes.

In the increasingly complicated world that we live in, one of the ways in which fraudsters is to ruin the chances of others. It is perhaps for this reason that there is a growing tendency for people to perpetrate crimes on a computer simply for its own sake and not necessarily for monetary gain.

This can be compared to the art of, say, phone-freaking. A person might also see a challenge in breaking a computer system. It is this type of delinquent activity that is perhaps the most difficult to combat. Management can only concern itself with guarding the access to the computer to avoid this kind of disruption.

In the more serious crime of using the computer to draw money, it has been found that the average "take" in the U.S. (where most of these crimes take place) is no less than £1m.—so the incentive for the person who ranks himself as a top criminal is certainly there. Mr. Don Parker, who monitors the computer crimes in the U.S. has found that there were some 339 cases of computer fraud in the U.S. last year. He has recorded the case histories of 148 and

there are an additional few hundred that he has not yet published.

The National Computer Centre (NCC) publication called "Where Next For Computer Security" gives numerous examples of computer crimes which indicate to management what kind of thing can be perpetrated. A typical example of the unauthorised use of computer time was the case of the head programmer and several key punch operators in one organisation who sold 250 hours of spare computer time. In one case of a financial fraud in the U.K., an account clerk in a catering service had a grocery store owner as an accomplice. The clerk submitted false accounts numbers and invoices for undelivered food to a computer system and stole some £50,000 over a period of eight years.

### Registry

In the case of theft in Sweden two employees borrowed magnetic tapes from a population registry and copied them using another computer. They then sold the copies at a reduced price to their employers' customers.

The classic case of defrauding a bank is to have a paying-in slip (which is magnetically coded) which other people fill in—this then ensures that their money is passed into an account which you have specified.

Essentially most of the frauds that are perpetrated are really simple and no different than the kinds of acts which can be done on any manual system. So the essential thing for management to do is to ensure that the checks set up are adequate to

deal with the kinds of fraudulent attempts that people try.

This usually means activating checklists of procedures and clear lines of authority—making specific employees accountable for different times of the day and night at locations in the premises.

The main kind of loophole that is taken advantage of by would-be crooks is the absence of the kind of controls that exist in manual record systems. It is the failure to carry over checks when converting to a computer that is at the root cause of most malfeasances.

If management is concerned about the possibility of fraud it can do two things: first, it should make everyone in the organisation aware of the possibility of fraud. Secondly, to use the tools and techniques for avoiding crime by computer. Essentially these involve the art of risk management. This means setting up adequate controls and also making sure that the organisation has the right kind of insurance cover.

By taking defensive measures, risks can be reduced or even eliminated and this can have an impact on the cost of insurance. In some cases such defensive actions are a prerequisite, either because insurance is unavailable or uneconomical or because monetary compensation is an unacceptable exchange for loss of business opportunity. But each case must be assessed on its own merits.

In any case it is worth keeping in mind that most of the accidents of computer occur in the same way that other accidents on the business premises happen—by fire or lightning or other similar events.

Roy Levine

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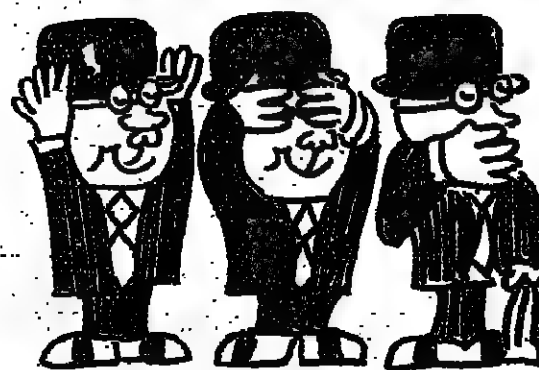
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# Watching the secure area

UNICAL though it may appear, the comment made recently during discussions on security problems — that protection money might work out cheaper than insurance — has more than a grain of truth in it. In general, businesses are still far too lax protecting valuables, whether they are goods, information or documents and even though it appears to be a tightening up of the administration of security for a number of firms, theft, it is surely better to prevent and deter than to detect and have then to prove without doubt before the police and the courts.

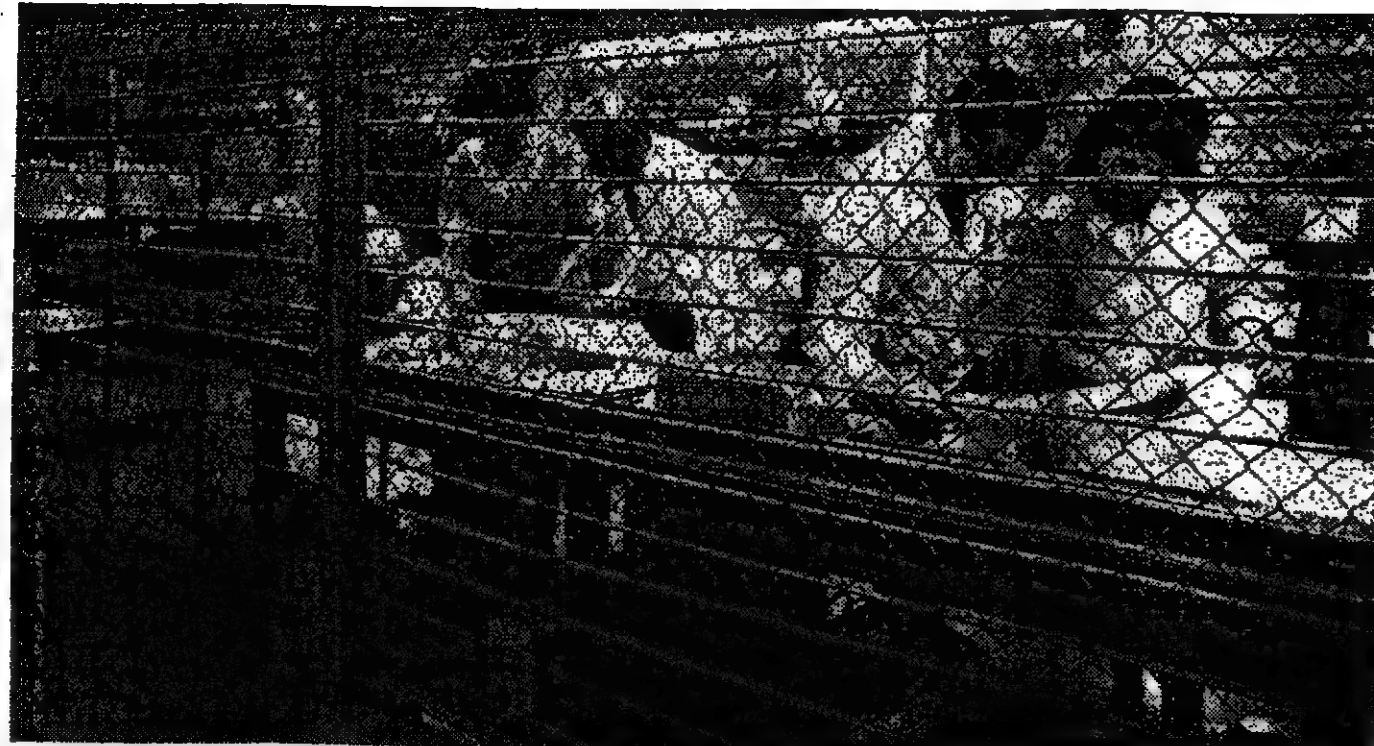
The true relative costs are hardly ever established. If they are, the security equipment industry would experience a prolonged boom and, doubtless, the insurance premiums on various forms of loss would have to be cut.

It is, in fact, so easy to provide surveillance both internally and externally from a central point and quite unobtrusively with relatively low-cost equipment that one could almost consider the absence of such equipment in most organisations here goods and documents are treated as management negligence.

## Expensive

Indeed, the manning of checkpoints to control entry to a large building or warehouse round the clock is expensive and complicated. A small amount of electronic equipment installed under expert advice can make a task much simpler.

Closed-circuit TV, possibly using low-light (night) cameras externally, is almost everywhere and nowadays most reliable, can detect the approach of a would-be intruder long before any attempt is made on a fence



Caged security is an essential requirement. Pilfering must be guarded against and protected production areas are the most effective answer.

or a door. Several companies including Pye Marconi and Mullard have developed this and much more sophisticated but similar equipment.

Low-power radar can perform the same function and so can invisible light beams which, if broken by an intruder, will cause an alarm to go off.

The radars and their equivalent in ultrasonic units can also be used to "bathe" a room or store in undetectable radiation that is monitored by sensitive units able to detect the opening of a door or window by the change caused in wave patterns.

However, while such equipment is relatively simple to

acquire and install, it is a matter for the expert to make the system tamper-proof. More complex closed-circuit TV systems such as those set up by Photo-scan for Bradbury Wilkinson, De la Rue and most recently Nigerian Security Printing and Minting Company demand the expertise of security specialists to achieve their object since they combine tight surveillance with alarm systems and two-way audio-visual links. Thus far supervision of precincts and premises for intruders or for unauthorised presence. But what of busy areas which are nevertheless at a high security level? Here, the

coded identity card comes into its own and is already extensively used.

But again, such systems need particularly careful design. They are frequently applied in modern high-rise office blocks where for instance, large banks have vitally important computer systems working round the clock and thus potential targets for the crank apart from the amount of valuable information on the bank and its clients flowing through the centre.

Although such centres are protected by elaborate fire precautions it does take time to go through the interlocking security "labyrinth" using key

cards and it might be better to have such cards set on a field set-up round the "lock" area such as in the Mastiff system, so that the doors will open if the person is carrying the correct card, or provide a master switch to be thrown open in case of fire alerts to release all doors thus secured.

A fresh attack on the problem aimed at providing the lowest possible cost solution to the hotel business, though with obvious security applications, is embodied in "unique" — keyless computer-based door lock.

From a reception desk console, the heart of which is a micro-processor, a coded plastic

card slightly bigger than a credit card is issued for each new guest. This will activate a self-contained security lock needing neither power nor control wires.

Four billion codes can be used before a repeat occurs and the previous room card is cancelled before a fresh one is issued. But even if a card is lost or stolen, insertion of a replacement card will destroy the previous pattern set up in the lock so the old card will not work.

## Battery

In the lock itself are solid-state controls run from a battery with a life expectancy of two to two and a half years. The distributor is based in Fribourg, Switzerland, and manufacture is under licence in the U.S. by Monitron Industries of Santa Ana, California.

The highest degree of security is offered by a Group 4 system called Securimeter. It requires a card carrier to know a separate four digit personal coding which has to be fed into a keyboard at the time the card is inserted for reading.

Behind the keyboard and reader is logic equipment which can be programmed to allow access to specified people at pre-set times, alerting security and rejecting a card immediately notice has been given that a card is lost or stolen. It would not require much elaboration of this system to take a would-be intruder right into the arms of security.

Again it is relatively simple to ensure that only authorised staff can handle and remove boxes containing valuable paper. Devices originally designed to protect goods in department stores and relying on an inductive loop or magnetic tag which will set off an alarm if the correct addition is not followed have been on offer from a number of sources such as Volumatic. They deserve much wider use since they serve to personalise an important step in the handling of security paper.

Turning to a different aspect of supervision, that of computer operations, it is interesting to record that more and more bankers are going over to the Arbut foreign exchange control equipment and its competitors for a number of reasons apart from the overview of the minute by minute pattern of commitments it gives senior management.

It is systems such as this, which can be made "transparent" to management, that will go farthest in preventing fraudulent misapplication of computer power and not any amount of extra programming imposed on already overburdened centralised equipment.

This is because distributed processing makes supervision that much easier.

Ted Schoeters

# Company document checks

THE PAST 18 months have not been comfortable for some security printers, particularly those whose livelihood depends on any extent on financial and security work, which has declined sharply in line with the economic recession.

It is estimated that the size of this market has averaged around £30m, a year, divided among about seven major companies which have the quite considerable resources necessary to undertake this type of work. This has been comprised of the elements, scrip issues and similar work which involves security, speed and accuracy. It is often involved as many as changes during the printing, done at night, and any lack of information can have a serious effect on share prices and be extremely damaging to a printer concerned.

Smaller printers are capable producing annual reports but are concerned with a wider range which includes Government White Papers and work for printing banks, brokers and pension funds, need a much greater commitment, particularly the form of night staff. Companies were faced with considerable cost increases early in the year in the form of pay rises and have also suffered from the traditional peaks and troughs of the industry, but are nevertheless committed to maintaining a fairly high level of staff. Many follow the policy that they must remain active at all times, and also

maintain a strong middle management to ensure a high degree of organisation.

But despite these problems, which were mitigated somewhat by an increase in the number of rights issues, now understood to be building up once again, prices charged by printers have remained fairly steady. There has been some concern, however, that work has been carried out by some companies at below cost, a practice which many believe to be dangerous.

So the state of financial markets is a major factor for the security printer, which has consequently not been particularly profitable in general during the past year or so. It also suffers from the cyclical demand for a great many annual reports and very few during the rest of the year. During the slack times staff must remain employed and profitability depends to a great extent on aggressive marketing aimed at picking up other work.

On the security side, there have been no significant developments in the past year, which was free from any incidents such as the leaking of the Conservative Party document, which could be regarded as damaging to the industry. Companies continue to rely on their traditional means of ensuring confidentiality — reliance upon the integrity of staff who in turn are treated with respect.

This policy is seen to be successful by the number of companies who have a large proportion of long-service employees.

Otherwise they employ simple practices such as dividing up work, destroying proofs immediately after use and pass systems. Guard dogs, electronic detector systems and even closed circuit television may be used for the more technical job of preventing break-ins. Most companies have a strict policy on staff recruitment, which in the longer term can be of crucial importance.

It is regarded as essential in most operations that knowledge of confidential documents should be restricted to the minimum number of people and vital that channels of communication with the client should be kept as short as possible. While the whole system revolves on the assumption of absolute integrity, a network of people will have an inside view of an impending company statement, such as directors, confidential secretaries, bankers, stockbrokers, accountants and public relations agencies.

As a counter, chairmen often leave out important figures or key phrases from their statements until the last minute, so that routine parts can be printed earlier and the final version completed later. But generally speaking there is no real substitute for speed of printing, which the top companies achieve with great success.

Specialist printers usually offer a round-the-clock service and providing a document is not too large, copy can be received and dispatched in completed form within 24 hours. On such a time-scale, even if the worst should happen and some material be misplaced, it can seldom have much commercial impact. Information is usually first divulged to the Stock Exchange and on mailing would be considered public knowledge anyway.

Expanding

A look at the Williams Lea Group's increasing commitment to financial printing over the past few years, at the same time reducing its work on publications, indicates that the company clearly sees it as a safe and expanding market. But because of rising costs, it has made some useful advice available to companies wishing to reduce the unit price of their report and accounts.

First, it is suggested that single-side proofs will save money, particularly on a black-only annual report and where there is a large number of pages and only minimum correcting is necessary, proofs of only cor-

rected pages may be needed. Reduction in the weight of paper can save money and could reduce postal charges.

Various ways of avoiding the use of too many different colours are suggested, such as by using a different typeface for comparative figures or the use of coloured boards for covers rather than printing an extra colour. It is felt that although price is not usually the prime consideration in financial printing work, it should now be borne in mind that costs are continually increasing.

By comparison with financial printers in New York, the service offered in the City is generally regarded as extremely high, even too high in some cases some would argue, and if this is to continue, it is necessary to maintain the structure of the industry as it is, rather than allow cost cutting to undermine it.

More City companies are now seeking links with New York printers, limited in number though they are, to co-operate on projects which require simultaneous printing on both sides of the Atlantic, one of the few new developments in an industry which relies to a large extent on its traditional reputation.

Lorne Barling

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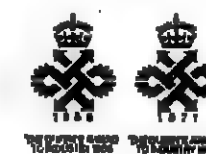


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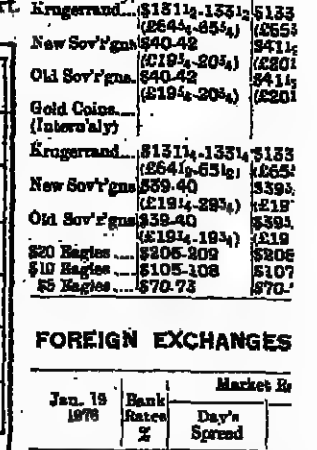
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# FARMING AND RAW MATERIALS

## India plans foodgrain buffer stock

## Suspension of EEC potato import duties proposed

## Record coffee prices

## Move to ease beef import ban

By Our Own Correspondent

**NEW DELHI, Jan. 19.** INDIAN Government tends to build a foodgrain buffer stock of 5m. to 7m. tonnes immediately, made up of imported grain as well as milled supplies, it has been learned here.

Mr. Jagjivan Ram, India's Agriculture Minister, said the offer stock would be raised to 6m. tonnes within a year or so. He painted a bright picture of the food situation in India and said the supply position had not been covered. Plenty of rice was available in all states, except Maharashtra, which did not produce enough of its needs.

The Minister said the country's food deficit now was by a marginal 5 per cent. Production last year had been 10m. tonnes. This was enough to meet current needs but there was a deficit because of the drought in some places had not produced enough of higher prices.

In reply to a question, Mr. Ram said imports would continue as long as we think necessary.

In Washington, reports Reuters, claim that the USSR may be able to maintain its livestock better than was expected several months ago was made by S. Assistant Agriculture Secretary Mr. Richard Bell.

He said the USSR had applied stronger market prices for U.S. feedgrains in the winter of 1975-76, indicating a new international arrangement to replace the International Wheat Agreement.

This is the fourth of a series of meetings of the group, pointed by the Wheat Council February last year to examine the technical aspects of a new agreement.

## World output of aluminium falls sharply

DUSSELDORF, Jan. 19.

ALUMINIUM PRODUCTION in western world fell by 11 per cent last year, from 1974 levels, an estimated 9.8m. tonnes, the industry says. The fall was due to a sharp drop in production in the U.S., where output fell by 11 per cent, to 8.5m. tonnes, the industry says.

Stocks of aluminium at producers reached a high point in autumn 1975, as production fell, but then fell sharply.

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BY ROBIN REEVES

**COMMON MARKET** import duties on all potato supplies would be lifted under a Brussels Commission proposal due to be put to the Council of Agriculture Ministers at its meeting here today.

The proposal is aimed at easing the potato shortage in many parts of the Community which has followed the crop shortfall caused by last year's long, hot summer.

It is estimated that the EEC potato crop is some 20 per cent below the previous year, with Britain particularly badly hit. The move to suspend EEC import duties has already been urged by the U.K. Government.

It is far from certain, however, whether lifting import duties will substantially increase available supplies. EEC officials are planning their hopes for extra imports mainly on supplies from Eastern Europe. In general, Poland is particularly keen.

Existing Community duties, which would be indefinitely suspended if the proposal is approved—as seems likely—are 15 per cent on old potatoes and 25 per cent on new potatoes between January 1 and mid-May; and 21 per cent for the rest of the year.

Last month, in a plea to the British Government for import duties to be lifted, the National Potato Federation of Fruit and Potato Trades calculated that the duties added only between 0.5p to 1p per pound to the retail price.

BY PETER SULLIVAN

**THE PROGRAMME** for the final attack on brucellosis disease in cattle was announced by the Ministry of Agriculture yesterday.

Dr. Gavin Strang, Parliamentary Secretary, said that the detailed programme for extending the compulsory scheme to the remaining areas of England and Wales would be announced in the near future.

Brucellosis, which causes cows to abort and could be passed on to humans as the "undulant fever," has caused considerable human suffering and losses of agricultural production.

"But it will not have been a cheap victory, so far, it has cost the Government a great deal of money," Dr. Strang said.

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Although the Federation did not think much greater supplies would be attracted, it felt the move would assist in maintaining traditional supplies.

The farm ministers meeting which opened yesterday evening is dedicated mainly to the Brussels commission's farm price proposals for the 1976-77 season, starting in March.

The Ministers are expected to concentrate their attention on milk, beef, and cereals aspects of the package, which envisages a 7.5 per cent average rise in EEC farm prices.

**Deputation** Prior to the opening of the meeting, Sir Henry Plumb, president of the European farmers' organisation, COPA, led a deputation to see M. Jean Hamilis, the Luxembourg farm Minister and current Council President, to protest at the inadequacy of proposed price increases.

COPA is pressing for average rise of at least 10.5 per cent. Predictably, M. Hamilis said there was little likelihood of the Commission changing its proposals.

He added that the negotiations might go on into March because of objections to different aspects of the package. As things stand, it is hoped to conclude the annual farm price negotiations at a three-day session in the middle of next month. But Mr. Fred Peart's insistence on retaining the U.K. beef premiums scheme, against the combined opposition

of the Commission and other member states, is only one of the obstacles.

Many Ministers find the level of the milk price rise proposed—2 per cent in March and 4.5 per cent in September—totally unacceptable. Every possible objection, bar one of principle, has also been raised to the plan for ridding the Community of its 1.1m. tonne skim milk powder "mountain" by its compulsory incorporation in animal feed.

Cereals promise to provide hours of discussion. Most Ministers, though not Mr. Peart, are unhappy at the proposal not to give a firm price guarantee for wheat for bread-making quality, but to leave the market to establish a premium. Intervention in wheat value would be based on the wheat value vis-à-vis maize and barley.

Before the meeting ended this evening, M. Francois-Xavier Ortoli, president of the Brussels Commission, took the unusual step of appealing to Ministers to solve the EEC wine problems.

He said the Commission had done everything it could. It was up to the Council to accept the package of measures proposed for dealing with the European "wine lake". Otherwise, they risked putting the credibility of the European Community itself in question.

He urged the Council to treat the wine dossier as part of the price package. Ministers are due to give their reactions to-morrow.

Commenting on the lack of progress by a shortage of Ministry vets, Dr. Strang said there was no longer a significant cause of delay.

Parliamentary orders will be laid to cover the extension of the scheme this year and next.

The Ministry has been allowing the use of free 45/20 vaccine in special areas of heavy brucellosis infection. Now farmers will actively infected herds in other areas subjected for compulsory eradication, beginning in 1979 and 1980, may also apply for the free vaccination.

The Ministry's eradication policy still rests mainly on the use of S.19 vaccine, however.

By the end of this month, the Ministry also expects to announce its decision on farmers' representations that the £240 valuation limit put on reactors from non-accredited herds be raised.

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BRUSSELS, Jan. 19.

**RECORD** coffee prices

**ROBUSTA COFFEE** futures on the London terminal market reached record prices yesterday following the steady increase in values over the past two weeks.

The March position traded up to \$860 a tonne at one stage, before closing at \$855.5, just higher than the peak reached soon after the first reports of widespread frost damage to Brazil's coffee crop last July.

Robusta's rise, which added \$9 to the March position compared with Friday's close, was largely attributed to commission house buying, based on physical interest in New York, where prices opened the permissible limit up.

In contrast, London cocoa prices fell again yesterday. After opening steadily, the May position finally closed at \$28.5, a fall from \$29.5, mainly due to selling by chartists in particular, influenced by the weak tone in New York.

From Accra, Reuters reports that purchases of main crop cocoa for the week of the season, ended January 15, are estimated at 13,989 long tons by the Ghana Cocoa Marketing Board. This brings total main crop purchases this season to 34,244 long tons.

Main crop purchases to the 16th week of last season, ended January 23, were 8,844 tons, bringing total purchases at that date to 329,503 tons.

## Substantial rise in copper stocks

By John Edwards

**THE LONDON** copper market was again taken by surprise yesterday by a steep rise in warehouse stocks, which was well above last week's forecast.

Stocks were up by 8,905 tonnes, to a total of 517,000, against market expectations of a maximum increase of around 6,000 tonnes.

But although the stocks figure was a temporary setback, the underlying strength of the market remained firm, prices ending the day marginally higher on Friday's close. Cash wirebars, at \$293 a tonne, was \$1 up, rallying to \$294 after the afternoon trade brought interest from the U.S.

Other metal stock changes contained few surprises. As expected, lead stocks rose by 2,350, to a new peak of 58,500 tonnes; zinc by 400, to 65,000 tonnes, and tin by 1,000, to 17,200 tonnes. LME silver holdings rose by 40,000, to 17,200 ounces.

## COFFEE

Robusta futures (terminal) opened steady. After a period of decline as much as 10c per tonne, the market recovered to close at \$28.5, a fall from \$29.5, mainly due to selling by chartists in particular, influenced by the weak tone in New York.

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## COFFEE

Robusta futures (terminal) opened steady. After a period of decline as much as 10c per tonne, the market recovered to close at \$28.5, a fall from \$29.5, mainly due to selling by chartists in particular, influenced by the weak tone in New York.

From Accra, Reuters reports that purchases of main crop cocoa for the week of the season, ended January 15, are estimated at 13,989 long tons by the Ghana Cocoa Marketing Board. This brings total main crop purchases this season to 34,244 long tons.

Main crop purchases to the 16th week of last season, ended January 23, were 8,844 tons, bringing total purchases at that date to 329,503 tons.

At present, the industry says, stocks are at a low level.

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## Record coffee prices

By Our Commodities Staff

**ROBUSTA COFFEE** futures on the London terminal market reached record prices yesterday following the steady increase in values over the past two weeks.

The March position traded up to \$860 a tonne at one stage, before closing at \$855.5, just higher than the peak reached soon after the first reports of widespread frost damage to Brazil's coffee crop last July.

Robusta's rise, which added \$9 to the March position compared with Friday's close, was largely attributed to commission house buying, based on physical interest in New York, where prices opened the permissible limit up.

In contrast, London cocoa prices fell again yesterday. After opening steadily, the May position finally closed at \$28.5, a fall from \$29.5, mainly due to selling by chartists in particular, influenced by the weak tone in New York.

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## Substantial rise in copper stocks

By John Edwards

**THE LONDON** copper market was again taken by surprise yesterday by a steep rise in warehouse stocks, which was well above last week's forecast.

Stocks were up by 8,905 tonnes, to a total of 517,000, against market expectations of a maximum increase of around 6,000 tonnes.

But although the stocks figure was a temporary setback, the underlying strength of the market remained firm, prices ending the day marginally higher on Friday's close. Cash wirebars, at \$293 a tonne, was \$1 up, rallying to \$294 after the afternoon trade brought interest from the U.S.

Other metal stock changes contained few surprises. As expected, lead stocks rose by 2,350, to a new peak of 58,500 tonnes; zinc by 400, to 65,000 tonnes, and tin by 1,000, to 17,200 tonnes. LME silver holdings rose by 40,000, to 17,200 ounces.

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Main crop purchases to the 16th week of last season, ended January











# FT SHARE INFORMATION SERVICE

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HOTELS—Continued

Room	Rate	Room	Rate	Room	Rate	Room	Rate	Room	Rate
112	11.25	113	11.25	114	11.25	115	11.25	116	11.25
117	11.25	118	11.25	119	11.25	120	11.25	121	11.25
122	11.25	123	11.25	124	11.25	125	11.25	126	11.25
127	11.25	128	11.25	129	11.25	130	11.25	131	11.25
132	11.25	133	11.25	134	11.25	135	11.25	136	11.25
137	11.25	138	11.25	139	11.25	140	11.25	141	11.25
142	11.25	143	11.25	144	11.25	145	11.25	146	11.25
147	11.25	148	11.25	149	11.25	150	11.25	151	11.25
152	11.25	153	11.25	154	11.25	155	11.25	156	11.25
157	11.25	158	11.25	159	11.25	160	11.25	161	11.25
162	11.25	163	11.25	164	11.25	165	11.25	166	11.25
167	11.25	168	11.25	169	11.25	170	11.25	171	11.25
172	11.25	173	11.25	174	11.25	175	11.25	176	11.25
177	11.25	178	11.25	179	11.25	180	11.25	181	11.25
182	11.25	183	11.25	184	11.25	185	11.25	186	11.25
187	11.25	188	11.25	189	11.25	190	11.25	191	11.25
192	11.25	193	11.25	194	11.25	195	11.25	196	11.25
197	11.25	198	11.25	199	11.25	200	11.25	201	11.25
202	11.25	203	11.25	204	11.25	205	11.25	206	11.25
207	11.25	208	11.25	209	11.25	210	11.25	211	11.25
212	11.25	213	11.25	214	11.25	215	11.25	216	11.25
217	11.25	218	11.25	219	11.25	220	11.25	221	11.25
222	11.25	223	11.25	224	11.25	225	11.25	226	11.25
227	11.25	228	11.25	229	11.25	230	11.25	231	11.25
232	11.25	233	11.25	234	11.25	235	11.25	236	11.25
237	11.25	238	11.25	239	11.25	240	11.25	241	11.25
242	11.25	243	11.25	244	11.25	245	11.25	246	11.25
247	11.25	248	11.25	249	11.25	250	11.25	251	11.25
252	11.25	253	11.25	254	11.25	255	11.25	256	11.25
257	11.25	258	11.25	259	11.25	260	11.25	261	11.25
262	11.25	263	11.25	264	11.25	265	11.25	266	11.25
267	11.25	268	11.25	269	11.25	270	11.25	271	11.25
272	11.25	273	11.25	274	11.25	275	11.25	276	11.25
277	11.25	278	11.25	279	11.25	280	11.25	281	11.25
282	11.25	283	11.25	284	11.25	285	11.25	286	11.25
287	11.25	288	11.25	289	11.25	290	11.25	291	11.25
292	11.25	293	11.25	294	11.25	295	11.25	296	11.25
297	11.25	298	11.25	299	11.25	300	11.25	301	11.25
302	11.25	303	11.25	304	11.25	305	11.25	306	11.25
307	11.25	308	11.25	309	11.25	310	11.25	311	11.25
312	11.25	313	11.25	314	11.25	315	11.25	316	11.25
317	11.25	318	11.25	319	11.25	320	11.25	321	11.25
322	11.25	323	11.25	324	11.25	325	11.25	326	11.25
327	11.25	328	11.25	329	11.25	330	11.25	331	11.25
332	11.25	333	11.25	334	11.25	335	11.25	336	11.25
337	11.25	338	11.25	339	11.25	340	11.25	341	11.25
342	11.25	343	11.25	344	11.25	345	11.25	346	11.25
347	11.25	348	11.25	349	11.25	350	11.25	351	11.25
352	11.25	353	11.25	354	11.25	355	11.25	356	11.25
357	11.25	358	11.25	359	11.25	360	11.25	361	11.25
362	11.25	363	11.25	364	11.25	365	11.25	366	11.25
367	11.25	368	11.25	369	11.25	370	11.25	371	11.25
372	11.25	373	11.25	374	11.25	375	11.25	376	11.25
377	11.25	378	11.25	379	11.25	380	11.25	381	11.25
382	11.25	383	11.25	384	11.25	385	11.25	386	11.25
387	11.25	388	11.25	389	11.25	390	11.25	391	11.25
392	11.25	393	11.25	394	11.25	395	11.25	396	11.25
397	11.25	398	11.25	399	11.25	400	11.25	401	11.25
402	11.25	403	11.25	404	11.25	405	11.25	406	11.25
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432	11.25	433	11.25	434	11.25	435	11.25	436	11.25
437	11.25	438	11.25	439	11.25	440	11.25	441	11.25
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457	11.25	458	11.25	459	11.25	460	11.25	461	11.25
462	11.25	463	11.25	464	11.25	465	11.25	466	11.25
467	11.25	468	11.25	469	11.25	470	11.25	471	11.25
472	11.25	473	11.25	474	11.25	475	11.25	476	11.25
477	11.25	478	11.25	479	11.25	480	11.25	481	11.25
482	11.25	483	11.25	484	11.25	485	11.25	486	11.25
487	11.25	488	11.25	489	11.25	490	11.25	491	11.25
492	11.25	493	11.25	494	11.25	495	11.25	496	11.25
497	11.25	498	11.25	499	11.25	500	11.25	501	11.25
502	11.25	503	11.25	504	11.25	505	11.25	506	11.25
507	11.25	508	11.25	509	11.25	510	11.25	511	11.25
512	11.25	513	11.25	514	11.25	515	11.25	516	11.25
517	11.25	518	11.25	519	11.25	520	11.25	521	11.25
522	11.25	523	11.25	524	11.25	525	11.25	526	11.25
527	11.25	528	11.25	529	11.25	530	11.25	531	11.25
532	11.25	533	11.25	534	11.25	535	11.25	536	11.25
537	11.25	538	11.25	539	11.25	540	11.25	541	11.25
542	11.25	543	11.25	544	11.25	545	11.25	546	11.25
547	11.25	548	11.25	549	11.25	550	11.25	551	11.25
552	11.25	553	11.25	554	11.25	555	11.25	556	11.25
557	11.25	558	11.25	559	11.25	560	11.25	561	11.25
562	11.25	563	11.25	564	11.25	565	11.25	566	11.25
567	11.25	568	11.25	569	11.25	570	11.25	571	11.25
572	11.25	573	11.25	574	11.25	575	11.25	576	11.25
577	11.25	578	11.25	579	11.25	580	11.25	581	11.25
582	11.25	583	11.25	584	11.25	585	11.25	586	11.25
587	11.25	588	11.25	589	11.25	590	11.25	591	11.25
592	11.25	593	11.25	594	11.25	595	11.25	596	11.25
597	11.25	598	11.25	599	11.25	600	11.25	601	11.25
602	11.25	603	11.25	604	11.25	605	11.25	606	11.25
607	11.25	608	11.25	609	11.25	610	11.25	611	11.25
612	11.25	613	11.25	614	11.25	615	11.25	616	11.25
617	11.25	618	11.25	619	11.25	620	11.25	621	11.25
622	11.25	623	11.25	624	11.25	625	11.25	626	11.25
627	11.25	628	11.25	629	11.25	630	11.25	631	11.25
632	11.25	633	11.25	634	11.25	635	11.25	636	11.25
637	11.25	638	11.25	639	11.25	640	11.25	641	11.25
642	11.25	643	11.25	644	11.25	645	11.25	646	11.25
647	11.25	648	11.25	649	11.25	650	11.25	651	11.25
652	11.25	653	11.25	654	11.25	655	11.25	656	11.25
657	11.25	658	11.25	659	11.25	660	11.25	661	11.25
662	11.25	663	11.25	664	11.25	665	11.25	666	11.25
667	11.25	668	11.25	669	11.25	670	11.25	671	11.25
672	11.25	673	11.25	674	11.25	675	11.25	676	11.25
677	11.25	678	11.25	679	11.25	680	11.25	681	11.25
682	11.25	683	11.25	684	11.25	685	11.25	686	11.25
687	11.25	688	11.25	689	11.25	690	11.25	691	11.25
692	11.25	693	11.25	694	11.25	695	11.25	696	11.25
697	11.25	698	11.25	699	11.25	700	11.25	701	11.25
702	11.25	703	11.25	704	11.25	705	11.25	706	11.25
707	11.25	708	11.25	709	11.25	710	11.25	711	11.25
712	11.25	713	11.25	714	11.25	715	11.25	716	11.25
717	11.25	718	11.25	719	11.25	720	11.25	721	11.25
722	11.25	723	11.25	724	11.25	725	11.25	726	11.25
727	11.25	728	11.25	729	11.25	730	11.25	731	11.25
732	11.25	733	11.25	734	11.25	735	11.25	736	11.25
737	11.25	738	11.25	739	11.25	740	11.25	741	11.25
742	11.25	743	11.25	744	11.25	745	11.25	746	11.25
747	11.25	748	11.25	749	11.25	750	11.25	751	11.25
752	11.25	753	11.25	754	11.25	755	11.25	756	11.25
757	11.25	758	11.25	759	11.25	760	11.25	761	11.25
762	11.25	763	11.25	764					

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